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Section Two, cover story

THE INDEPENDENT

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FRIDAY 20 SEPTEMBER 1996

WEATHER: Cloudy and cool

40P (BR 45P)

Grandees are just dinosaurs, snarls Tory right

ANTHONY BEVINS
Political Editor

Tory Euro-sceptics yesterday snapped back against Sir Edward Heath and the authors of yesterday's *Independent* letter calling for Britain to show greater commitment to Europe, with the former Chancellor, Norman Lamont, dismissing them as "dinosaurs, not grandees".

Mr Kenneth Clarke, Chancellor of the Exchequer, and Conservative Party chairman Brian Mawhinney, insisted that the door must - and would - remain open to British participation in a single currency. Labour leader Tony Blair said the Government was paralysed by the Tory warfare.

Mr Lamont said: "The reality is that Britain will not join a single currency under a Con-

servative government." As for the *Independent* letter-writers, he added: "They have lost the argument. They are dinosaurs, not grandees."

Former Foreign Secretary Douglas Hurd said neither he nor the Cabinet would be bullied into submission on the single currency question.

But the confidence of Mr Lamont and other Thatcherite Eurosceptics is being undermined by the reality on the ground - with the highly-organised Right working to ensure that another Conservative Government could not muster a majority for single currency in the next Parliament.

Sir George Gardiner and John Towner, leaders of the Tory backbench 92 Group, are writing to all Tory parliamentary candidates asking them whether, in their personal election addresses, they would pledge themselves against single currency entry. If they got a majority, they say, "whatever equivocations were in our national manifesto, there would be no choice whatsoever that a Conservative Cabinet could never recommend joining".

Mr Blair said in a speech in London last night that while distinguished Tories were trying to

halt the "mad rush" of the Tories out of Europe, the party lacked leadership and the Government was paralysed. "As long as the only aim is to balance one side against the other," he said, "Britain will have no influence in Europe."

Beyond the political debate,

the work of the European Union grinds on. But the noise of Conservative conflict yesterday drowned out a charge from the Lords Committee on the European Communities - accusing ministers of deliberately over-riding democratic checks on Brussels legislation.

Delivering Lord Cranborne, Leader of the Lords, a list of 30 Brussels proposals that had been passed to Parliament so late as to make scrutiny "virtually impossible", committee chairman Lord Tordoff said the reality flew in the face of the Maastricht treaty declaration on parliamentary scrutiny. "The reality is that it is sometimes precluded by the late deposit of documents and the wish of ministers in the Council to agree to proposals without the opportunity for national parliaments to exercise their proper democratic function."

In one incandescent letter sent to James Clappison, a junior environment minister, in July - about a Council of Ministers decision that completely pre-empted the parliamentary scrutiny process - Lord Tordoff said the action was "unworthy", "unacceptable", "disconcerting" and "made a nonsense of the whole scrutiny process".

But the day's political agenda was dominated by *The Independent* letter. Mr Hurd told BBC radio that pro-Europeans who until now had been afraid of "rocking the boat" would no longer stay silent.

The letter triggered a counter-barrage, however, from the sceptics, with John Redwood saying in another letter to *The Independent* that rigid EU chancellors were destroying jobs. Sir Teddy Taylor and other former "whipless" Tory backbenchers called for a referendum to ask the voters "whether they wish to continue with Euro-integration, to seek to abandon it, or to endeavour to secure a separate relationship with the EU."

Shadow Foreign Secretary Robin Cook said in a speech in Leeds last night: "A Government with an agenda of narrow nationalism will condemn its people to isolation in the world and lost opportunities in the global economy. Yet increasingly the Conservative Party speaks not with the voice of a great party that once understood Britain's place in the world, but with the whine of little England."

Mr Cook added: "Today's rebuke from the grand old men of the Tory party reveals the deep division within the Tory party over European policy." Letters, page 17

This lady in distress, and a sympathetic judge, saved Kevin Maxwell yesterday



Determined woman: The 'obvious distress' of Pandora Maxwell, pictured at her home in Oxfordshire, as she described the 'agony' of her husband's trial, convinced Mr Justice Buckley to drop the second trial. Photograph: Peter Macdiarmid

Runaway bishop has 15-year-old son

ANDREW BROWN
Religious Affairs Correspondent

The Scottish Catholic bishop who last week resigned after running off with a nurse he had been counselling has a 15-year-old son as a result of an affair experiment, counselling, emerged yesterday.

Bishop Wright had panicked when he learnt she was pregnant, she said. "He offered no support... [He] said he couldn't acknowledge being a father and if I forced him to, he'd go to Peru and I wouldn't see him again."

Kevin Whibley, 48, who lives in Polegate, Sussex, told BBC Radio Four's *Today* programme that his son Kevin, 15, had been fathered by the Right Rev Roderick Wright during an affair which started after the bishop, then a curate, had instructed her in the Catholic faith and helped her through the trauma of a divorce.

Speaking on the verge of tears, she said: "I made up my mind that I must unbend myself and put an end to Kevin's feeling that he shouldn't even exist. Although Kevin knows it's his dad and Roddy knows he's his dad, he has been an absent father."

The bishop, 56, disappeared last week with Kathleen MacPhee, 40, a mother of three he had been counselling during her divorce, and later issued a statement resigning and apologising for the distress he had caused.

This statement was one of the reasons Ms Whibley went pub-

lic. "Kevin feels his existence has been denied again. In Roddy's statement he apologised to his family. Perhaps he was referring obliquely to us, but I suspect he was referring to his other family."

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New ballot as post union calls off strike

BARRIE CLEMENT
Labour Editor

Postal union leaders last night bowed to pressure from the Labour Party leadership and called off strikes scheduled for today and next Monday and ordered a fresh ballot of their members.

The executive of the Communication Workers Union, however, decided to recommend a Yes vote in a strike ballot, rather than a referendum on the Royal Mail's peace formula with strong advice to accept.

Labour leaders nevertheless welcomed what they thought was a "sensible decision". An aide to Tony Blair said: "We are obviously delighted that the executive has agreed to ballot."

An internal memorandum from David Blunkett, Labour's Education and Employment spokesman, circulating among Shadow Cabinet ministers yesterday confirms the party's plans to introduce a mechanism for rebalotting strikers on "substantial" fresh offers during industrial disputes.

It is now likely that ministers will withdraw their threat of a three-month suspension of the Royal Mail's letters monopoly.

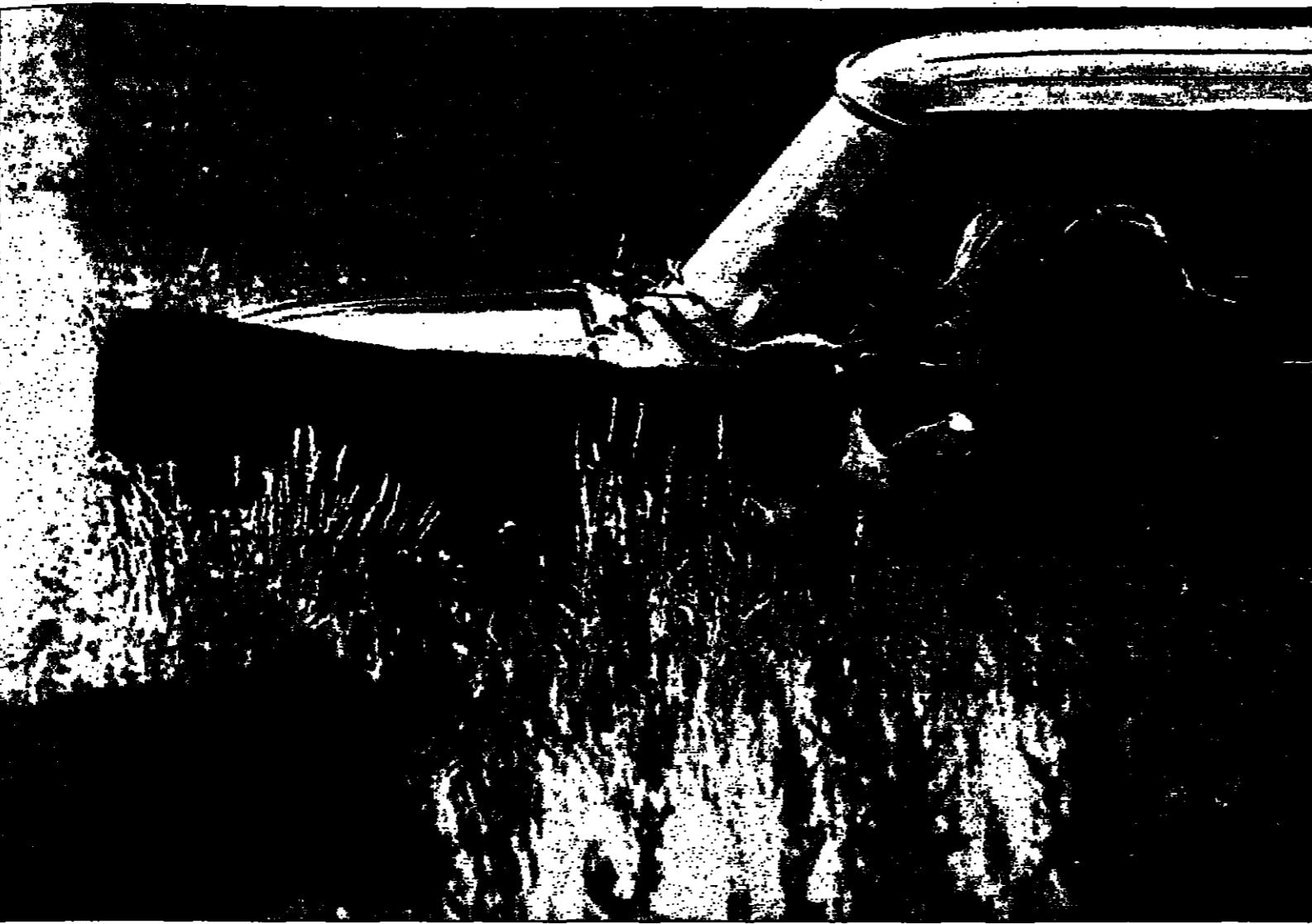
Alan Johnson, joint general secretary of the union, who has strong private misgivings about more disruption, said the CWU leadership would campaign for more strikes.

He denied that pressure from the leader of the Labour Party had brought a climbdown by the executive. Even if the 130,000 members rejected further action it did not mean they accepted the offer and the union would call for further negotiations, Mr Johnson said.

The Royal Mail has offered to set up a joint working party under the chairmanship of Acas, the conciliation service, to investigate management productivity plans.

The result of the ballot, which will cost the union £80,000, will not be known until next month.

BSE is an offence against God, says Prince Charles



Royal inspection: Prince Charles greeting cattle in Worcestershire. He has farmed his own estate organically for 11 years. Photograph: Rex Features

NICHOLAS SCHOON
Environment Correspondent

Speech to date on the perils of modern agriculture.

He condemned the cruelty of factory farming and suggested that people's health and fertility could be harmed by eating crops grown with heavy fertiliser and pesticide use.

"If the way in which people farm is grasping, looks only to the short term and is indifferent to the effects of what is being done on the generations that will follow, then that is what their society will be like too," he said in a lecture to the Soil Association in London.

Prince Charles, who has farmed organically on his Highgrove estate in Gloucestershire for 11 years, advocated fundamental reform of the European Union's Common Agricultural Policy so farmers everywhere would be eligible for government grants in return for com-

mitting all their land to environment-friendly farming and high animal-welfare standards.

Feeding cattle with protein derived from cattle or other farm animals, which almost certainly caused the BSE outbreak, was "totally inappropriate ... perhaps BSE will come to be seen as one example ... of how nature hits back when we violate her laws".

As for genetic engineering, "I believe we have now reached a moral and ethical watershed beyond which we venture into realms that belong to God, and to God alone," he said. "Apart from certain medical applications, what actual right do we have to experiment, Frankenstein-like, with the very stuff of life? We live in an age of rights. It seems to me that it is about time our Creator had some rights too."

Much of his speech castigated 50 years of industrialised farming, dwelling on the heavy damage done to landscapes and wildlife and the "hidden costs" of agricultural air, soil and water pollution, but giving equal weight to animal welfare.

"Dairy cows ... are now quite literally milking themselves to death by the time they are six or seven, worn out by producing their own body weight in milk every month and suffering from a lethal combination of distended udders, lameness, chronic mastitis or infertility ..."

"There is also the terrible irony of the dramatic increases in intensively produced pork and chicken, almost all of which is produced under conditions which cause infinitely more suffering than the beef or lamb it replaces, in the search for 'healthy' meat."

Prince Charles cited a recent report which said that some intensively farmed food crops in developing Asian countries were deficient in crucial trace elements and minerals such as iron and zinc. Some children whose diet was dominated by such crops showed an IQ loss of 10 points, he said.

"There is already a well-documented and, as yet, unexplained decline in male fertility in many European countries which cause some people to believe may be linked to diet. And other research has suggested a significant decline in the trace mineral content of our fruit and vegetables over the last 50 years."

The Ministry of Agriculture gave Britain's small number of organic farmers the lowest incentives in Europe, he said.

Leading article, page 17
Suzanne Moore, page 19

significant shorts

Schools alert after scare over gunman

Security guards are to be drafted into a primary school today after a man claiming to have a gun tried to force his way on to the premises. Extra police officers have also been called into the northern district of Glasgow as concerns about school security were again highlighted.

In yesterday's incident a canteen manager stopped a man from entering through the kitchen of Chirnsidey Primary School in the Milton district. As the stranger tried to push his way past at about 8am he said he had a gun, although he did not have one visible. The woman managed to push him away and lock the kitchen door.

The woman said: "I said I was sorry but he was in the wrong place. I put him outside the door, then he said 'look, I've got an effing shotgun'. He proceeded with his hand to go into his jacket. I couldn't really make out if it was a shotgun or not. There was something, but I cannot say what it was."

Fish-eaters healthier than vegetarians

Fish-eaters may be healthier than vegetarians according to a new study, which provides further evidence of the benefits of a fish-rich diet.

A comparison of a lake-side community in Tanzania, whose inhabitants ate three to four meals of fish daily, with a farming community 50 miles away whose diet was primarily vegetarian, reveals clear differences in health indicators.

Italian scientists reporting in *The Lancet* say that the fish-eating villagers had significantly lower mean blood pressures than the vegetarians - just under 3 per cent had high-blood pressure compared with more than 16 per cent of the vegetarians. The blood cholesterol levels of the fish eaters also tended to be lower. *Liz Hunt*

Buyer found for Britain's redundant submarines

South Africa is expected to buy four British submarines which have become surplus because of defence cuts for the bargain price of £300m.

If the deal goes ahead it will be South Africa's biggest weapons purchase since the end of apartheid. The four Upholder class boats are the most advanced conventionally powered submarines in the world but have been lying idle since they were scrapped after Britain moved to an all-nuclear submarine fleet.

The diesel-electric submarines were built by Vickers at Barrow-in-Furness at a cost of about £1bn in the early 1990s but only saw brief service with the Royal Navy. The MoD had hoped to sell them to Canada but they have been laid up in Barrow awaiting sale.

Christopher Bellamy

Neighbours' on the Net in new BBC venture

Fans of BBC soaps such as *EastEnders* and *Neighbours* could receive regular news updates on their favourite stars via the Internet.

BBC Worldwide, the commercial arm of the corporation, announced that it was linking up with computer giant ICL to develop a commercial Internet service which may promote mass acceptance of the global computer network.

The venture, provisionally called BBC Online, is ex-



Barbara Windsor: From soap to electronic EastEnders

Cost of premium line calls to soar

BT is putting up the price of some premium line calls by as much as 41 per cent in some cases.

The cost of calling 0891 prefixed numbers will increase by 15 per cent from 39p to 45p in the evenings and at weekends. From 8am to 6pm on weekdays the rate will go up 2 per cent from 49p to 50p a minute. The new rates will be charged on information lines from 8 October, said a BT spokesman. Charges for Mercury premium lines are also going up.

Train strike threat lifted

All rail strikes planned for the weekend have been called off. The RMT transport union yesterday suspended two 24-hour

strikes due today and Monday on InterCity West Coast and another strike at Scot Rail scheduled for Monday. *Barrie Clements*

Corrected

In a list of salaries of union general secretaries on 18 September, we wrongly stated that the salary of Rodney Bickerstaffe of Unison was £71,000. That sum applied to his predecessor and Mr Bickerstaffe is paid £57,000. We apologise for the error.

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In an exclusive interview with 'The Independent', Tycoon's son tells of battle to clear his name For five years I lived in fear of prison

CHRIS BLACKHURST

There was not a day in virtually the whole of the last five years, said Kevin Maxwell yesterday afternoon, that he did not think about the threat of going to prison.

In an exclusive interview with *The Independent* hours after a judge ruled that it would not be fair for him to face a second trial for fraud Mr Maxwell described the intense pressure his wife and family had been under. Sitting in the Mayfair offices of Westbourne Communications and Maximow Publications and surrounded by balloons inscribed with congratulations, his relief was obvious.

He said he had "read up on the prison rules and the children had this *Toad of Toad Hall* idea of me sitting in a dark dungeon with weeping walls. We told them, 'Daddy might not be around'. We didn't hide it from them," he said.

Mr Maxwell said that unless someone had been through the same process and had been on the receiving end of criminal proceedings it was impossible for them to imagine the threat of loss of liberty, the sense of loss of freedom. "It was with me every single day for nearly five years."

His mood visibly fluctuating between joy and anger, Mr Maxwell turned on his accusers, the Serious Fraud Office. The SFO, he said, was "fixated with the desire to secure a conviction".

If there was a fault in a system that had seen his case and that of his co-accused take years and absorb some £30m of taxpayers' money, it lay with the SFO. Not only was it an investigator, he said, but it was a prosecutor as well.

From the outset since his original arrest in the glare of TV

lights, the Fraud Office had been determined to "clean up the City, to use terror and every weapon at its disposal." Mr Maxwell went on: "If you look at the SFO's annual report how do they measure themselves? We live in the age of the Chartermark, where hospitals and schools publish league tables. But what is their measure? It is solely their conviction rate. They have a dual role as the ex-

The legal cost

Estimated global sum alleged to have been involved: £2bn

Estimated global cost of criminal proceedings: £20-30m

Cost of legal aid for a total of six defendants up to 30 June this year: £8,429,000

Average administration cost of Crown Court jury trial: £2,100 for each of the 131 days

Executive arm of investigations and as a prosecutor. It is not the prosecutor's role to secure convictions. It is his job to present the case to the jury and that is all."

In a strident defence of the jury system, Mr Maxwell attacked those who claimed his acquittal at the first trial was proof the centuries old institution did not work in major fraud cases. In a veiled reference to the Attorney General, Sir Nicholas Lyell, who said after his acquittal the jury system in fraud cases might need reviewing, Mr Maxwell replied: "I don't understand why this debate is allowed to continue in the absence of proper research."

Mr Maxwell said it was too early to talk about his future plans. "I can say to my children I will be coming home, I will be around, which is marvellous."

JOJO MOYES

In a curious echo of Judge Caulfield's description of the "fragrant" Mary Archer, Mr Justice Buckley said yesterday of Kevin Maxwell's wife, Pandora: "I cannot be over-influenced by such matters, but no one could have been unmoved by her evidence... Her obvious distress was, I am convinced, entirely genuine."

"Obvious distress" - or indeed fragrant - are not words often applied to the former *Pandora Wainford Davis*, 37, daughter of a manufacturer of car number plates and snooker balls.

Throughout the Maxwell trial she displayed a fortitude, fierce protectiveness and indeed bishness not normally associated with "stand-by-your-man" trophy wives.

But these are not new character traits. The formidable mother of six was one of the few people willing to stand up to the late Robert Maxwell. The brass plate next to the Maxwells' front door which reads "Never

said afterwards, her language would have been spicier.

She married Kevin, scion of the multi-millionaire Maxwell family in 1984. She was not the "princess" the autocratic Robert Maxwell had in mind for his heir, but by strength of character ignored Maxwell père's attempts to end their courtship and then defied his attempts to interfere in her family life.

She has no interest in cosmetics, and happily admits to wearing old corduroys, and having her hair cut by the local hairdresser. During the first trial, she described how Kevin had asked her to "look halfway decent" for the media. "Do you mean I've got to put on makeup for the second time so that they could face the future..."

In her evidence to the judge she said, "The house was besieged pretty much from the time of Kevin's father's death... we had journalists and photographers camped outside our house..."

"We were pursued on stupid things; like I took the children to the theatre at Christmas and

mind the dog, beware of the owner" is said to refer to her, and not to her husband.

Her commitment to domestic privacy was most famously demonstrated in 1992 when police officers called at the Maxwells' house in Chelsea, west London, to effect a dawn arrest of her husband.

Thinking the callers were reporters, she yelled: "Piss off, we don't get up for an hour." Had she known it was the police, she

Fighter who stood by her man and stood up to his father

PATRICIA WYNNE DAVIES
and JILL TREANOR

The Maxwell ruling could have serious and far-reaching implications for the future of the Serious Fraud Office and the conduct of fraud trials. It might also hasten the end of jury trials in complex cases and usher in a new system of judges sitting with expert assessors.

The explosion of complex fraud trials that began in the mid-Eighties, prompting the creation of the Serious Fraud Office in 1988, brought with it a stream of complaints that exhausted juries found the proceedings too lengthy and too complicated to follow.

The paring down of the number of charges, and split indictments necessitating two or more trials - decisions that might be reached with the advice of outside counsel or on the

instructions of the judge - was the way of tackling the problem. If subsequent trials are to be viewed as an abuse of process, that raises serious questions about how large-scale alleged frauds can be properly tried under the present jury trial system.

Those who oppose the retention of juries in fraud cases are bound to argue that a system involving specialist judges and assessors would be able to handle a large case in one go.

After the first trial in January, Sir Nicholas Lyell, the Attorney General, announced that the Government was looking at the use of juries in fraud cases - a move that Keith Oliver, Kevin Maxwell's solicitor, claimed yesterday implicitly called the verdict into question.

A Lord Chancellor's Department spokesman said: "The Government keeps the handling of long and complex fraud

trials under close review in the light of changing circumstances. The review of the role of the jury is one of the important issues which arises in this context."

George Staple, the SFO's director, said in a statement yesterday that the outstanding charges in the Maxwell affair related to "completely separate" transactions to those examined at the first trial involving two charges. He also took the view that the evidence relating to the remaining counts was not in any way weakened by the acquittals at the end of the first trial.

In the Maxwell case there were 10 counts in total of alleged fraud against pension funds, banks and public companies which the prosecution wanted to be tried. But Mr Justice Phillips, the judge at the first trial who has since been promoted to the Court of Appeal, felt that more than two charges

would overwhelm the jury.

Mr Staple said that public confidence in the administration of justice "required that the full extent of the alleged fraud be brought before the court for adjudication."

This case vividly illustrates

the difficulties of large fraud cases," he said. "The case was split to make it manageable for a jury but very serious charges will not now be heard."

The SFO has twice before launched a second prosecution against an acquitted defendant, failing in one and succeeding in the other.

There was concern at the SFO's headquarters Mr Justice Buckley's ruling sent "an almost impossible message about large investigations," a source said. Some at the SFO admit that stopping the second trial will prevent it from suffering a further high-profile humiliation.



Winning in the rain: Kevin Maxwell leaving court yesterday after a judge agreed that the charges against him should be dropped

If not Kevin, then who takes the rap?

If not Kevin Maxwell, his brother Ian, Larry Trachtenberg, Albert Fuller, or Michael Stoney, then who? The Serious Fraud Office's failure to hold anyone criminally liable for Britain's biggest and most dramatic post-war financial scandal is an appalling indictment not only of the SFO itself, but of the legal system more generally.

Let's not beat about the bush. We all know that a massive fraud took place. To most people, fraud is still a crime, albeit a middle-class and a complex one. Yet in the eyes of the law we can now hold but one man responsible, and he is lying six feet under.

All the hundreds of lawyers, bankers, accountants and investigators who have been poring over the late tycoon's great nemesis might find that a perfectly understandable and satisfactory state of affairs. But most of us are left quite gobsmacked by the spectacle.

If this were a £400m bank job (£400m is what Robert Maxwell stole from his pension funds), the mob would be at Westminster baying for blood. It is not an acceptable state of affairs that not a single person is going to serve time for this massive fraud.

True, this is not the end of the matter. A great raft of regulatory action now swings into action against those caught up in the affair - directors, accountants, bankers, advisers and the like. But this is akin to the sort of disciplinary proceedings taken against the night watchman who is shown to have been asleep on the job as the gang sped away with the loot, or the security guard who had failed to lock the outer doors. It is to do with negligence and recklessness, not culpability.

Perhaps most damning of all, the City knew Maxwell to be rotten to the core because of his previous record of semi-fraudulent behaviour. Despite this, fee-hungry bankers and advisers conspired to rehabilitate him and lend their good name to his expansionist ambitions.

All this helps to explain and mitigate what happened. It does not excuse it. Fraud on this scale is not a matter which can be left to ordinary civil regulators, for that would support the contention that there is one law for the rich and another for the poor. The system has failed us.

JEREMY WARNER

So all powerful and domineering was he in life that it was easy for all who surrounded him to resort to the defence of the Nuremberg trials. "I was only obeying orders". This is particularly the case with his sons, Kevin and Ian. Others at least had the opportunity to turn their backs on Robert Maxwell, and refuse to deal with him; but Ian and Kevin were family.

The other excuse for the prosecuted individuals is the one that is often used in ordinary, blue-collar crime - that the system was primarily to blame.

At the time there were no adequate safeguards to stop abuse of this type. And while no doubt most of the lawyers, auditors, bankers and other City professionals who worked within the Maxwell umbrella would have blown the whistle had they recognised the extent of what was going on, there was a certain sloppiness of attitude, a tolerance of bad and abusive practice that encouraged those most intimately caught up in the affair to think it acceptable.

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Rail firms block creative journeys

CHRISTIAN WOLMAR
Transport Correspondent

Thousands of rail passengers will be charged extra or face changing their routes under new rules to be approved by the Rail Regulator, John Swift, at the end of this month.

Rail user groups are furious that Mr Swift appears to have broken a commitment to protect their interests and sided with the train operators.

The Association of Train Operators (Atoc) has drawn up a routing guide for the industry's new operators which defines what is an acceptable way to travel between two points on the rail network. Inevitably, the complex task of defining which journeys between Britain's 2,500 stations are permitted and which are not has led to anomalies. These will affect the regular routes used by thousands of travellers, who will face penalty fares or excess charges.

Atoc has sent the guide - which a rail insider who had seen it said was originally "so large you needed a wheelbarrow to carry it" - to Mr Swift for approval and it is due to be enforced from 30 September.

The new operators do not want travellers to exploit loopholes which may allow them to

make longer journeys on the same ticket, or use tickets which are sometimes cheaper though the journey is longer - to get off at intermediate stations. Mr Swift had promised in his annual report that he would not endorse a guide which restricted existing commonly used routes. However, draft copies of the guide suggest that many commonly used routes have not been included.

Phil Wilkes, spokesman for the Central Rail Users' Consultative Committee said: "There have been countless drafts of this guide and we are concerned that there may still be anomalies which restrict people's travel patterns."

Barry Doe, a timetables expert, said: "Mr Swift appears to have broken his promise not to restrict routes currently used by many people."

A spokeswoman for Mr Swift's office said: "If [people] send in a complaint about a route which the operator feels ought to be allowed, then they will be entitled to a refund if subsequently the route is allowed."

However, Keith Bill, of Save our Railways, which is planning legal action if the guide is not improved, said: "This is sheer lunacy and people will not do it as they won't understand it."

How passengers beat the system

The Reading trick: Travellers from the West and South-West will not be able to change at Reading to go to London Waterloo instead of London Paddington. This is likely to affect thousands of people in November when the Tube's Bakerloo line is closed for refurbishment.

The Swansea diversion: Passengers from Swansea to Cardiff will be forced to go on the infrequent central Wales line to Shrewsbury and change for Birmingham and Norwich, rather than going on the more frequent Swansea to Cardiff trains and changing there for Birmingham and Norwich.

The York dog-leg: The route from York to London Euston via Manchester used by people visiting the North West on the return leg, is scrapped.

Many travellers arriving at Waterloo will no longer be able to cross to Waterloo East for a free transfer to Charing Cross.



Photograph: Emma Boam

Festive food: Chocolate Santa Clauses being made at Chocoholics in Selfridges yesterday

And now for the really good news: eating chocolate is healthy for you

LIZ HUNT
Health Editor

Now scientists from California claim that the fat-laden, sugar-rich, caffeine concoction with its addictive feel-good properties and legendary aphrodisiac powers, is a powerful protector against heart disease.

Not only should we eat more of it, they say, but to extract the maximum benefit for our arteries, we should drink a sip of red wine with each Fresh Coffee Creme or Hazelnut Truffle that passes our lips.

Like red wine, chocolate con-

tains chemicals known as phenols, which prevent the oxidation of low-density lipoproteins ("good" blood fats) into a more dangerous form which clogs up the coronary arteries.

Dr Andrew Waterhouse and colleagues in the Department of Viticulture and Enology at the University of California in Davis, tested a range of confectionary products and found that one piece of milk chocolate had almost the same amount of phenol as a glass of red wine.

Plain, dark chocolate contained even more phenol than the milk variety, according to their report in tomorrow's issue of *The Lancet*.

This is well-documented evidence on the protective effects of red wine against heart disease linked with its high-concentration of phenolic flavonoids.

Further research has suggested that it is the alcohol content which primarily influences the blood fats rather than chemicals present in a particular type of wine.

This lead to the Government's controversial decision to relax its sensible drinking limits late last year.

Dr Waterhouse urges more research into chocolate to demonstrate that it's anti-oxidant properties work in people.

But he is hopeful that the "pleasant pairing of red wine and dark chocolate could have synergistic advantages beyond their complementary tastes."

C5 takes on 1,500 to tune videos

Channel 5 is recruiting another 1,500 video re-tuners before it goes on air early next year. It means Britain's final terrestrial channel will offer up to 8,500 people jobs in the run-up to its launch in February 1997.

The move follows the Government's decision to award the channel 35 frequency to the new station, which had initially planned to employ about 7,000 re-tuners.

Channel 5's coverage has been extended by an estimated 1.8 million homes or about 4 million people. It sets up a mini-jobs bonanza. Re-tuners are paid £4.50 an hour but can earn lucrative bonuses if they exceed targets.

Channel 5 will also use the UHF channel 37 frequency in key areas of the country. Frequency 37 reaches an estimated 74 per cent of the population.

A Channel 35 spokeswoman said: "It is good news for local economies and the public are being very co-operative. We're recruiting hundreds of re-tuners every day."

"Channel 35 is great news because it means four million more people will be able to receive us. The extra work means we will be postponing our launch for a few weeks. No new launch date will be agreed until we meet the Independent Television Commission."

"We want to make sure that the extra re-tuning is done at the same time as the original plan to avoid confusing the public and to ensure it is done as swiftly and effectively as possible."

Although 11.4 million videos will need to be checked not all of them will need to be re-tuned. The company could spend up to £120m re-tuning them.

Channel 5 is determined to put an optimistic face on the delay saying that the extra frequency will allow it to boost its expected advertising revenue.

The company had expected to take £120m from rival broadcasters in its first year. The two-month delay anticipated for the extra re-tuning work reduced this projection by some £20m. But a spokesman for the channel said it was working to a new estimated revenue of around £112m.

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One million women risk an unplanned baby

LIZ HUNT
Health Editor

Almost one million sexually active women between 16-44 are risking an unplanned pregnancy because they do not use any form of birth control, according to a three-year national survey of contraceptive practices.

The figures show a sharp rise since a 1993 survey, which found that 500,000 sexually active women, including 90,000 teenagers did not use contraceptives. The new results are 850,000 and 150,000 respectively.

The Health Education Authority and the Family Planning Association said yesterday they were "very concerned" at the NOP findings, which come as many local family planning initiatives are under pressure because of financial cut-backs.

Avon Health Authority, for example, is trying to save £150,000 by imposing a cut-off age of 21 at family planning clinics. Women older than this will be referred to their GPs for advice, according to Ruth Grigg of the FPA. "But this is just the age group which needs advice

most," she said. "More women in their twenties are having unplanned pregnancies and abortions than teenagers."

Young women also appeared to be ignorant about the comparative dangers of pregnancy and being on the Pill, the survey found. When asked: "What carries the greater risk of death, having a baby or being on the pill?", 20 per cent of teenagers wrongly thought having a baby was less dangerous.

Another surprising finding was an increase of 6 per cent in the number of women who were

WOMEN'S CONTRACEPTIVE USE		
Pill	32%	Women not using any form of birth control 25%
Condom	22%	of these:
IUD	4%	Sexually active women not trying to get pregnant 32%
Cap	1%	Not sexually active 38%
Female condom	1%	Trying for baby/pregnant 26%
Hormonal implant	1%	Infertile 4%
Contraceptive sponge	1%	
Rhythm method/withdrawal	4%	
not sexually active, up from 32 per cent to 38 per cent. There is some anecdotal evidence that more are remaining celibate for		
		long periods in between partners, although the survey produced no evidence of this.
		One-quarter of the 1,000

women from 16 to 44 who took part in the survey, the fifth in a series funded by the Pill manufacturer Schering Health Care, said they did not use any form of birth control. Of these, 32 per cent since 1993. Condoms were the second most popular choice, with 22 per cent, while use of the intra-uterine device and cap remained static or in slight decline, at 4 per cent for the IUD and 1 per cent for the cap.

The survey revealed a reluctance among women to try new methods of contraception. Figures of 1 per cent and less were recorded for the female con-

women in Britain. About one-third of those who used contraceptives favoured the Pill – around 4 million nationally. The number had dropped by 1 per cent since 1993. Condoms were the second most popular choice, with 22 per cent, while use of the intra-uterine device and cap remained static or in slight decline, at 4 per cent for the IUD and 1 per cent for the cap.

potential unexpected pregnancy. Within this group, 22 per cent were 16-19, representing almost 150,000 young women nationally. The Pill remains the top choice of contraceptive for

dom, the hormonal implant and the sponge. Natural forms – the rhythm method and withdrawal – were relied on by 3 per cent. Carole Graham, a spokeswoman for Schering, told a conference in London yesterday that there was no obvious reason for the increase in the number of women not using contraception when they had sex. "I don't think anybody has the whole answer to why this has happened ... There's still a great 'it won't happen to me' syndrome. Or people rely on the emergency morning-after pill, and so on."

New canal to follow Hadrian to the sea

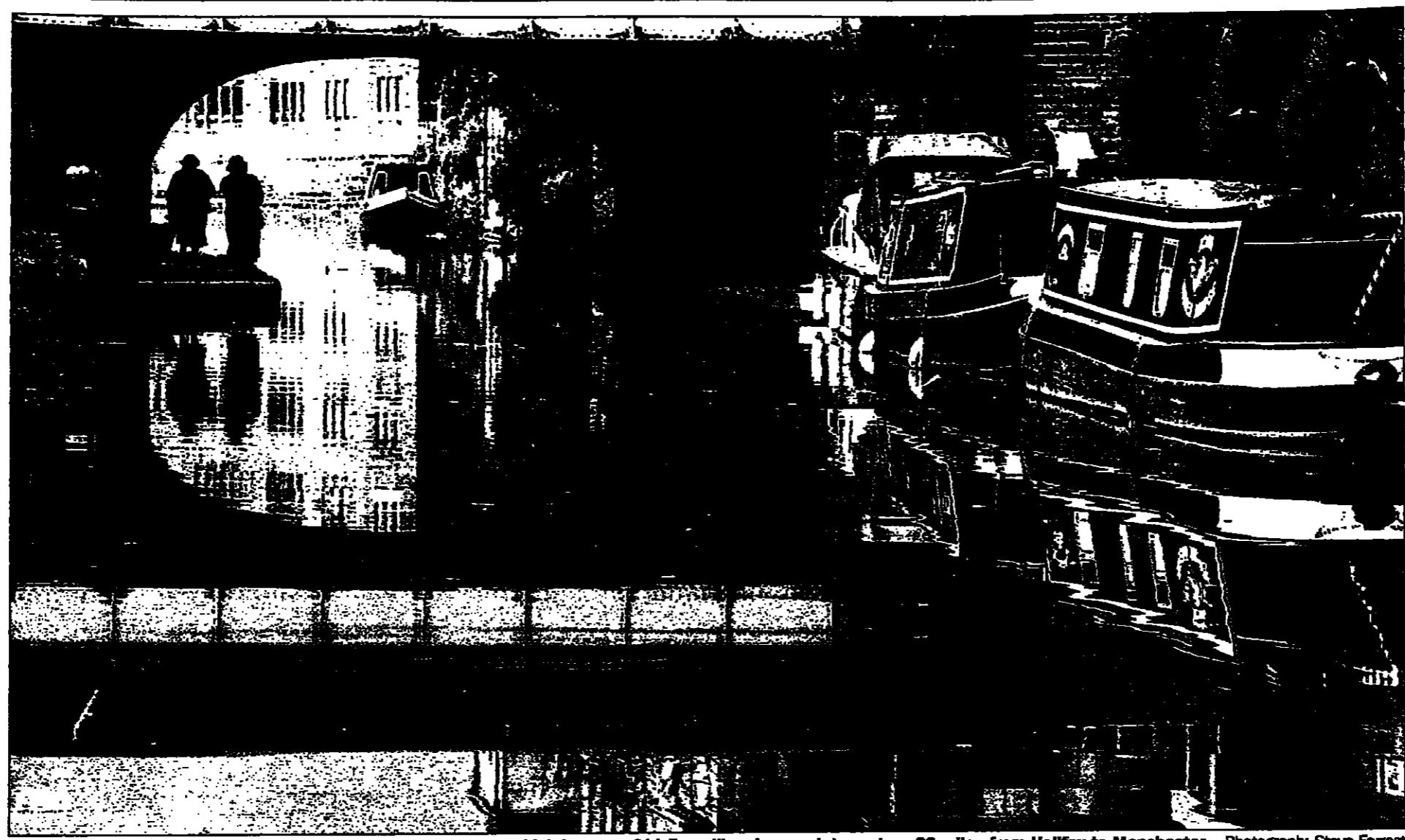
CHRISTIAN WOLMAR
Transport Correspondent

A radical plan to put freight back on the canals and rivers of Britain is to be presented at the forthcoming party conferences.

The idea is to extend existing waterways or even open new ones to make use of new technology which could make freight by water economically viable. While the common perception is that waterborne transport has all but disappeared, in fact one-quarter of freight travels by water, much of it on internal routes rather than coastal shipping.

The plan was launched just as a scheme to link the Irish Sea and the North Sea with a £6bn ship canal close to the route of Hadrian's Wall was unveiled. The 70-mile canal, to be called the Western Water Highway and promoted by Derek Russell, a Manchester University lecturer and the Western Water Highway Association, is to take freight ships from Ireland and North America across England from Port Carlisle in Cumbria to Newcastle and on to the markets of northern and central Europe.

The Inland Waterways Association (IWA) says there is enormous scope to make better use of water for bulk transport, but it requires planning and a commitment by government. The IWA wants the Government to adopt the target recommended



Revival: The Rochdale Canal at Hebden Bridge, West Yorkshire, which has won £11.5m millennium cash to restore 32 miles from Halifax to Manchester. Photograph: Steve Forrest

by the Royal Commission on Environmental Pollution in 1994, to increase waterborne freight by 5 per cent per year.

David Hilling, of the Inland Shipping Group, said at the launch held next to the River

Thames in London: "With pressure on the roads growing every day, the Government must consider better use of the waterways if it is really interested in more sustainable transport." As he spoke, several barges carrying

rubbish from the City passed by, as if to illustrate that much waterborne freight is unnoticed by the public.

The IWA has identified seven schemes where modest investment in canals or docks

could lead to a sharp increase in water transport. These include freight terminals at Warrington, West Midlands (on the Severn waterway), East Midlands (via a new waterway from the Wash), west London and West York-

shire. Other schemes are to improve the Trent so it can take large barges and upgrading the Aire and Calder Navigation.

The IWA will be telling the political parties that the Government should give responsi-

bility for waterways to the Department of Transport instead of the Department of Environment and undertake feasibility studies for all these schemes. It wants a central government strategy for waterways.

The vote means that there will next year be women priests in all the four Anglican churches of the British Isles. Nearly 80 women deacons are waiting to be priests in Wales. The Welsh church has made less elaborate and generous provision for opponents than was done in England.

There will be no "flying bishops" to minister to those priests and faithful who repudiate bishops who will ordain women and all their works, though there may be an assistant bishop specially appointed for that constituency.

Financial compensation for priests who leave will be limited to a maximum of two years' salary, and available only in cases of proven hardship.



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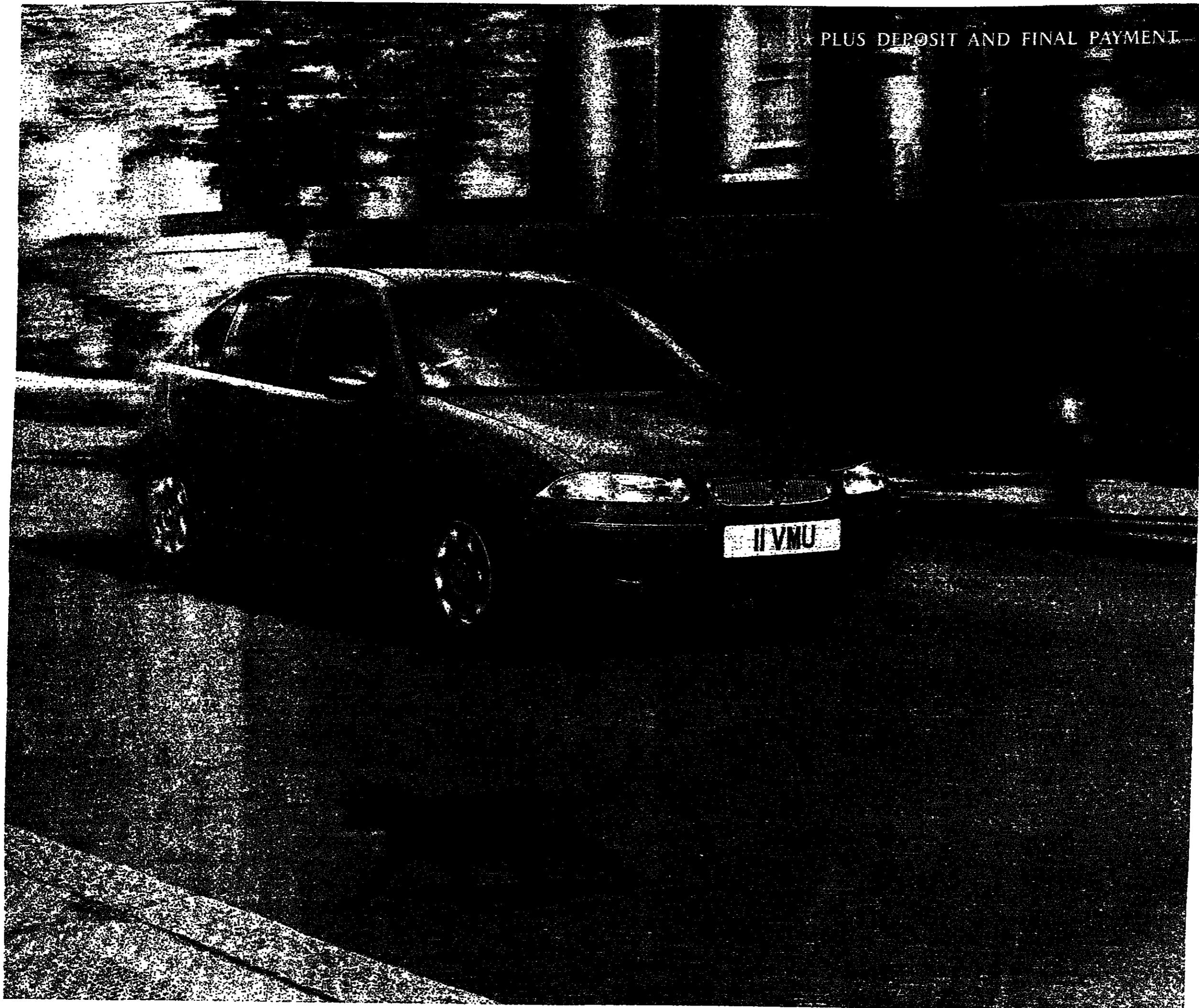
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Mapplethorpe show reveals body of support

Public rejects censors as controversial exhibition opens to approval

REBECCA FOWLER

The opening, when it finally came, was a sedate affair. Gentlemen with umbrellas stood beside students in berets and ladies in suits yesterday to survey the startling images at the opening of the controversial Robert Mapplethorpe photography exhibition at the South Bank in London.

There was no sign of the censors, who were outraged by Mapplethorpe's pictures of sadomasochism. Nor was there any sign of his most offending picture, a naked three-year-old girl taken 20 years ago, which was omitted on the advice of the police and described as "utterly horrific" by Esther Rantzen.

Instead the largely enthusiastic audience, mostly artists of



Parental guidance: A woman carrying a child around the Mapplethorpe retrospective at the Hayward Gallery, South Bank. It closes on 17 November. Photograph: Adrian Dennis

some sort, who came to view the retrospective show that follows Mapplethorpe's death from Aids in 1989, was united in insisting that the art should

be allowed to speak for itself. After surveying the 200 images, including photographs of sadomasochistic sex and a series of penises at the Hayward

Gallery, Penelope Gretton, 47, and her husband Keith Gretton, 61, who run the Battersea Contemporary Art Fair in south London, were full of praise.

"If you can think it and produce it, why shouldn't anyone else look at it? What's wrong with treating the human body or a penis as a still life?"

asked Mrs Gretton. "I don't see why these photographs are regarded as scandalous when pictures of naked women, which we see all the time, are not."

Mr Gretton added: "We've become very self-conscious about images of children. But it's far more utilitarian to censor things and make them for-

bidden, or show half-naked forms. The more you present the naked body as normal, the less titillating it becomes. Bodies in themselves can't do anything harmful."

Other visitors agreed there was no place for censors in art. Harriet Mason, 51, a part-time artist who attended with her daughter Emily, 21, an art student, said the exhibition was "in your face" but not shocking.

She said: "Censorship is very difficult. If you think of things censored long ago you now think of as anodyne, like *Lady Chatterley's Lover*, it's hard to see it in perspective. But everyone is very hung up about children at the moment, and that makes it particularly difficult."

There was only one voice of dissension, and it came from the only child at the opening yesterday morning who came with his mother despite a sign on the door warning the material was not suitable for children. Simon Whalen, aged 10, visiting Britain from Canada, pondered the exhibition for some time before concluding: "It's just really ... I don't know ... well, boring."

Anti-corruption inquiry into police computer

JASON BENNETTO
Crime Correspondent

A new anti-corruption unit is to examine the national computer systems of all police forces in England and Wales following concern that confidential information is being illegally obtained by officers and sold or passed on to friends.

The four-strong team of Her Majesty's Inspectorate of Constabulary, the official watchdog organisation, will examine the security surrounding the Police National Computer (PNC), whose entries include criminal records and vehicle ownership.

Among those abusing the system are former and serving police officers who have been paid - sometimes by journalists and private investigators - to find out criminal and private details of people under investigation. Officers have also used confidential files for personal reasons such as checking up on the new partners of their ex-girlfriends.

Criticism of the Metropolitan Police's existing safeguards, which were described as "inadequate" in a recent report by HMIC, have already led to stricter security measures being introduced.

The establishment of a national audit and the new computer squad will be announced by HMIC next month in their annual report. It is understood that other organisations such as

the security services and the Transport Police may also be examined by the inspectors.

HMIC will say in its report that the measures are needed partly because of government proposals to allow employers to check the criminal records of potential employees via a vetting agency - thereby increasing the risk of abuse. The inspections of the 43 forces in England and Wales will take place over the next three years; a handful of audits have already been completed.

The independent Police Complaints Authority first highlighted the abuse of the PNC system in 1986. A spokesman said: "Ten years later we are still seeing misuse of the PNC which we consider a very serious matter."

Two Metropolitan Police officers, Paul Bignell, 36, and Victoria Parker, 31 - the colleague he has since married - were fined £300 each and face losing their jobs after being found guilty in June of illegally using the PNC to gain information about Gary Howells, his ex-wife's new boyfriend. Yesterday they launched an appeal against their convictions.

Every police officer although

there are supposed to be stringent checks on each entry to ensure the information is needed for a legitimate case. The use of this information for private or commercial inquiries is a breach of the Data Protection Act and the Official Secrets Act.



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New Bosnia splits down old lines

Post-election political conflict broke out in Bosnia yesterday as Serbs and Muslims argued over where the republic's new collective presidency should meet. The dispute enhanced the impression of most non-governmental Western observers that last Saturday's elections have reinforced rather than reversed Bosnia's tripartite division into Serb, Muslim and Croat sectors.

Miomir Krajišnik, a Bosnian Serb nationalist who won election to the three-man presidency, said the body should meet in a building on the dividing line between the Serb-controlled half of Bosnia and the Muslim-Croat half. "They want the building smack on the border, with one door on the [Muslim-Croat] federation side and another door on the Serb side," a Nato source said. Muslim leaders accused the

The presidency cannot even agree where to meet, writes Tony Barber

Serbs of raising the demand as a way of paralysing the presidency before it has even started to function. The Muslims would prefer the presidency to meet in Sarajevo, which is in the Muslim-Croat sector.

The presidency will include politicians from all three Bosnian nationalities - Mr Krajišnik for the Serbs, Alija Izetbegović for the Muslims, and Kresimir Zubak for the Croats. Under the terms of last year's Dayton peace settlement, the presidency is supposed to govern by consensus, without prejudice to the interests of any of Bosnia's three nationalities.

However, the dispute over the presidency's venue suggests that Messrs Krajišnik, Izetbegović and Zubak may never agree on anything of substance.

Mr Krajišnik campaigned in the pre-election period for Serb secession from Bosnia and the unification of the Bosnian Serb region, known as Republika Srpska, with Serbia proper.

Mr Zubak, for his part, advocates close links between the Bosnian Croats and Croatia, and he agreed only reluctantly to the recent dissolution of the separate Bosnian Croat ministry, established in 1992, called Herzeg-Bosnia. Meanwhile, Mr Izetbegović, who will chair the Bosnian presidency, is suspected by the Serbs and Croats of pursuing a militantly Muslim nationalist agenda.

Western governments insisted that Bosnia's elections should go ahead in accordance with the timetable set out at Dayton, even though it was clear from

the outset that the vote would produce overwhelming triumphs for the three nationalist parties that sparked the 1992-95 war. The post-election paradox is that, while these parties now have a new democratic legitimacy, none of them appears willing to honour the spirit of the Dayton agreement that called for a united, decentralised, tolerant Bosnia.

Elections for the leadership of Republika Srpska resulted in a substantial victory for Biljana Plavšić, who became acting president of the Bosnian Serb sector after the indicted war criminal Radovan Karadžić was forced by the West to stand down. The political views of Mrs Plavšić, who won 66.1 per cent of the vote, appear not to differ greatly from those of Mr

Krajišnik and other secessionist Serbs.

The small chance that Bosnia may overcome its wartime divisions and avoid renewed conflict rests on the continued involvement of Nato, whose year-long mandate to keep a peace force in Bosnia expires December. Nato's Secretary-General, Javier Solana, made clear yesterday that alliance forces, including those of the United States, would stay beyond December despite President Bill Clinton's pledge that US soldiers would serve in Bosnia for no longer than a year.

"I believe that the international community, including Nato, must remain engaged in Bosnia beyond this first year," Mr Solana told the International Institute for Strategic

Studies in London. "On the security side, there may well be a requirement for a continued military presence in Bosnia... albeit smaller and for a strictly limited term."

It is generally expected that Nato would maintain a presence in Bosnia until December 1997, with a minimum of 20,000 troops on the ground. This would be well below the present deployment of 58,000 troops, but crucially it would involve a substantial number of US soldiers, without whose presence is willing to keep troops in Bosnia.

However, even Nato's continued commitment would not guarantee the reversal of the physical separation of nationalities caused by the war. It should prove possible to keep the peace in Bosnia in 1997, but it may prove impossible to reverse the republic's partition.

Greek elections: Colourless campaign heralds departure from passionate Balkan politics

Pale reflections of past demagogues

ANDREW GUMBEL
Athens

It is election season in Greece, but something seems strangely out of place. In the past, campaigns featured larger-than-life political leaders setting crowds alight at mass rallies, burling grotesque insults at each other, setting gangs of young supporters at the throats of their rivals, promoting their mistresses, brothers and cousins as the rising stars of Greek democracy, and making outlandish promises of money and jobs to key sections of the electorate.

Not this time. The last of the demagogues, Andreas Papandreou, died in June, leaving a once-combative Greek uncharacteristically humble about its place on the bottom rung of the European Union; even the country's traditional hostility towards Turkey and its neighbours in the Balkans has been supplanted by a desire to create greater stability in the eastern Mediterranean.

With the election looming this Sunday, you have to look hard on the streets to find evidence of any campaigning at all. Modern Greek politics have never been this quiet.

"We are moving from a leader-centred system to a more institution-centred one. The transition is important, as it is a sign of our democratic maturity," observed the outgoing Education Minister, George Papandreou, himself a far more conciliatory personality than his father, Andreas. "Things are no longer as black and white as they were during the Cold War, when Greece was isolated from its neighbours. Now we need to redefine our role."

Both the Prime Minister, the Socialist Costas Simitis, and his conservative rival, Miltiadis Evert, broadly accept the need to bring Greece's chaotic public finances into line with the Maastricht criteria, and both have been careful not to make rabble-rousing anti-Turkish remarks from which they would

have to row back as soon as they get into office.

That has made for a bland election campaign in which the two main parties, the Socialist Pasok and the conservative New Democracy, have both lost ground to a clutch of smaller protest groups on both right and left.

Mr Simitis, who called the election a year early to bolster his authority within his party before he embarks on a tough austerity budget for 1997, is selling himself as "Mr Serious," spurning the temptation of pre-

low-key, professorial manner. For years he found it hard to translate his ideas into action because of the looming presence of Mr Papandreou and now because of the continuing pressure of Mr Papandreou's political heirs within Pasok. "He talks a good game but he never does anything. This is not what Greeks expect from a leader," said Peter Doukas, a former minister and economic adviser to New Democracy.

Mr Evert has a more hands-on image - his nickname when he was Mayor of Athens was "The Bulldozer" - but he lacks Mr Simitis's authority. Until this election campaign he was considered something of a laughing stock, even in his own party - a man who "only ever opens his mouth to change feet".

His rhetoric speaks of rapidly liberalising the economy while pursuing a more nationalist foreign policy, the feeling among political scientists and foreign diplomats, though, is that he would do neither, the former because Greece has too many entrenched economic interests and the latter because the region is too volatile already.

Mr Papandreou's death has left Pasok confused and divided. Mr Evert, meanwhile, has never looked more than a temporary leader of New Democracy, and the man he replaced after the last elections, the more authoritative Costas Mitsotakis, has been working surreptitiously in the background to undermine him.

Greece will need strong leadership in the next few years to shed its Balkan image, build strong ties with its neighbours, modernise its economy and catch up with the rest of the European Union.

But strong leadership is something neither Mr Simitis nor Mr Evert seems likely to provide. Demagogery may be out of fashion, but the sheer political authority of a Papandreou or a Karamanlis is something that the country may yet come to miss.

election handouts and refusing to paint a rosy picture of what is essentially a grim economic outlook.

He entered the election the clear favourite but his colourlessness has given his opponent the chance to run up from behind and come within sniffing distance of victory. The two parties are now level, each with about 30 per cent of the vote.

Mr Evert has run a far more lively, unashamedly populist campaign, promising bigger pensions here and tax cuts there - promises he almost certainly will not be able to keep, but which recall the more colourful political campaigns of the past.

Whoever wins will make himself felt more through style than substance. Mr Simitis is considered a man with a solid international reputation, and a

mark from which they would

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NEW YORK POST

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Flat and one-dimensional: Portrait of the Socialist Prime Minister, Costas Simitis, whom opponents have called bland. Photograph: George Karachalios/Reuters

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Fate deals Dole a harsh fall

Washington — Can all the king's horses and all the king's men put Bob Dole's campaign together again? Humpty Dumpty probably deserved his fall. For Bob Dole, the Republican presidential candidate, to take an undignified spill while campaigning for votes in Chico, California, was a vicious twist of fate, writes John Carlin.

Legging far behind President Bill Clinton in every national poll, in part because of the perception that at 73 he is too old to be president, Mr Dole will be haunted by the thought history might judge the photograph of him lying flat on his back with a grimace on his face as the image of the 1996 election campaign.

After a stage railing gave way he tumbled 4ft to the ground, his fall mercifully broken by a scream of photographers.

But, seemingly unhurt, the Second World War veteran said: "I think I just earned my third Purple Heart going over the rail."



Flat out: The Republican candidate Bob Dole takes a tumble in Chico, California. Photograph: Rick T Wicks/Reuters

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South Korean soldiers inspect the bodies of some of the 18 North Koreans who died yesterday, some apparently by their own hands, after their submarine ran aground in South Korea. Photograph: AFP

Mystery deaths after sub runs aground

RICHARD LLOYD PARRY
Tokyo

As breakdowns go, it was about as disastrous as they come. Early on Wednesday morning, a small submarine of the North Korean navy ran into serious difficulties in the Sea of Japan. It may have run aground attempting to land members of its crew; alternatively it may have drifted on to rocks after a failure of power or steering. Either way its occupants were forced to abandon their craft and take their chances in the last place on earth they would wish to find themselves – 75 miles from their homeland, in the heart of enemy South Korea.

By yesterday evening 18 of them were dead, one was under interrogation, and an unknown number of survivors were holed

Korean border incident: 12 shot dead in apparent suicide pact; 6 other sailors killed

up in the mountains pursued by reconnaissance planes, helicopters, and thousands of South Korean soldiers and police. On the face of it, the latest incident looks like just another skirmish in the Cold War stand-off between the Communist North and American-backed South, which has divided the Korean peninsula since 1953. But is it another sign of Pyongyang's aggression, or is it a pathetic farce, a symptom of a country moving ever closer to paralysis?

In South Korea, a government statement described the incident as "not only a grave violation of the Armistice Agreement but also a direct threat to the national security of the Republic of Korea". President

Kim Young Sam called it "a sort of armed provocation, not a simple dispatch of agents to the south".

But the operation bears all the hallmarks of an almighty cock-up rather than a cunning military exercise. The full details have yet to filter out through the South Korean information machine, but the submarine was apparently abandoned in a great hurry – guns and ammunition were left on board – and 12 of those who died appear to have shot themselves in a suicide pact in order to avoid capture.

One of the captives, Lee Kwang Su, 31, told his interrogators the submarine lost power after leaving its home port of Wonsan, and drifted into

South Korean waters. If it was on an espionage mission – to drop off or pick up undercover agents – it was spectacularly mishandled; television pictures yesterday showed the 110ft submarine bobbing helplessly among the rocks like a washed-up plastic bottle.

The farce has handed a propaganda victory to the government of Seoul, which reinforces its self-image as the victim of a deadly Communist aggressor.

For 43 years, successive South Korean leaders have used the threat of aggression from the North as an excuse to impose Draconian restrictions on civil liberties. When South Korean commandos killed 200 pro-democracy protesters in

Kwangju in 1980 it was the threat of an opportunistic North Korean attack which was used as the justification. Even under President Kim, the first Korean leader with a purely civilian background, the anti-Communist National Security Law has been used to imprison hundreds of trade unionists, academics and students peacefully opposed to the government.

But over the last year, the image of North Korea as a predatory bogeyman has become less convincing. After five years of economic collapse and disastrous floods last year, parts of

unsealed roads, rusting ships, decaying industrial plants and an antique power station. The mainly strong Korean People's Army may, as Seoul frequently alleges, be salting away supplies of food and oil for itself, and there remains the niggling fear that it possesses a handful of chemical or even nuclear warheads within lobbing range of Seoul. But any North Korean attack would be a suicidal undertaking, carrying the risk of massive retaliation by South Korean and American forces.

"There is no foreign military presence in our country," Kim Jong Il, Pyongyang's international trade envoy told *The Independent* in Soubong on Sunday. "South Korea contains

US troops and nuclear warheads. Outsiders are spreading the rumour that war will come from our country, but this is pure nonsense."

Sympathy for this view appears to be growing in the South, at least among the urban young; last month, 5,000 students took part in violent demonstrations at a Seoul university calling for reunification with the North. But the realities of reunification, which would be a complex and massively expensive undertaking, are something South Korean leaders prefer not to think about for the time being. Until they do, they will continue to portray incidents like the one this week as warmongering, rather than simply the case of a submarine – like a country – out of fuel, out of control and on the rocks.

Save the koala: put it on the Pill

ROBERT MILLIKEN
Sydney

Koala bears, it turns out, are too cuddly for their own good. They are so fond of hugging one another that their population has exploded, threatening the eucalyptus tree habitat which sustains them.

Plans were announced yesterday in Victoria, Australia's second largest state, to curb their numbers by giving them vasectomies and a version of the birth control pill. The state minister for conservation and land management, Marie Tchern, said: "If we don't face up to this issue, several areas that will suffer long-term ecological damage and koalas will starve."

The tiny bears, second only to kangaroos as an Australian emblem, have had a chequered history since Europeans arrived 200 years ago. In the last century they were hunted for their fur almost to extinction. More recently, as their colonies have revived under protective legislation, political battles have been fought across state lines over their status.

New South Wales last year tried to ban tourists from cuddling koalas because such handling is believed to cause the animals stress. The plans were quietly dropped when it was realised that Japanese tourists, who represent a multi-million dollar industry and for whom koalas are one of Australia's biggest draws, would flock instead to Queensland where there is no cuddling ban.

The average koala bear is a lazy, gentle creature that spends most of its life at the tops of eucalyptus trees, foraging for leaves at night and dozing by day. Each koala eats about half a kilogram of leaves a day.

Therein lies the problem: as Australia's human population has expanded into traditional koala habitats along the east coast, demand for eucalyptus leaves is outstripping supply.

If yesterday's plan goes ahead, wildlife officials will have little trouble administering the pill and vasectomies. The marsupials' gorging of eucalyptus oil is thought to make them "high", leaving them slow and easy to catch.

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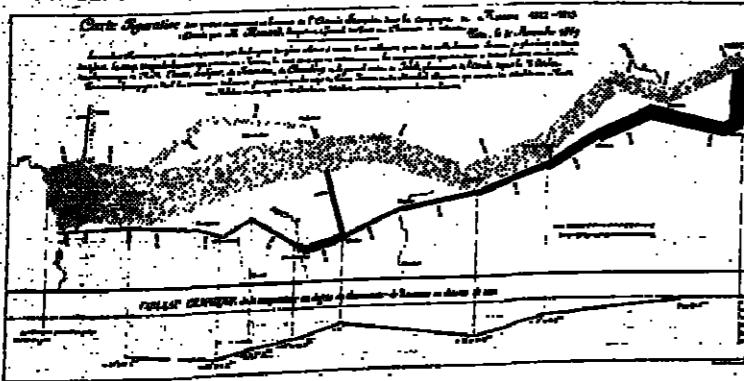
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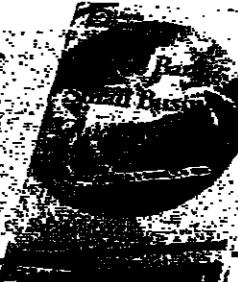
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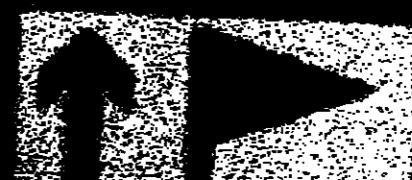
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obituaries / gazette

Eyre de Lanux

Eyre de Lanux was one of the very last surviving links with a remarkable period of artistic activity.

Born Elizabeth Eyre in 1894 in Johnstown, Pennsylvania, she gave the first indication of the direction which her career was to take by leaving her home town to become a New Yorker and enrolling at the Art Students League in Manhattan. During the First World War she met Pierre de Lanux, a French writer and diplomat visiting the city. They married two days after the end of the war and set off at once for Paris.

Eyre de Lanux, as she called herself professionally, had the good fortune to find herself in the right place at the right time as far as art and cultural history are concerned – the Paris of the Twenties, 'a rich and very peculiar time', as she later evoked it. Furthermore she had the talent to find her own medium of artistic expression as a designer of furniture and furnishings, making her a participant rather than merely a witness to the rich ferment of ideas which marked that era.

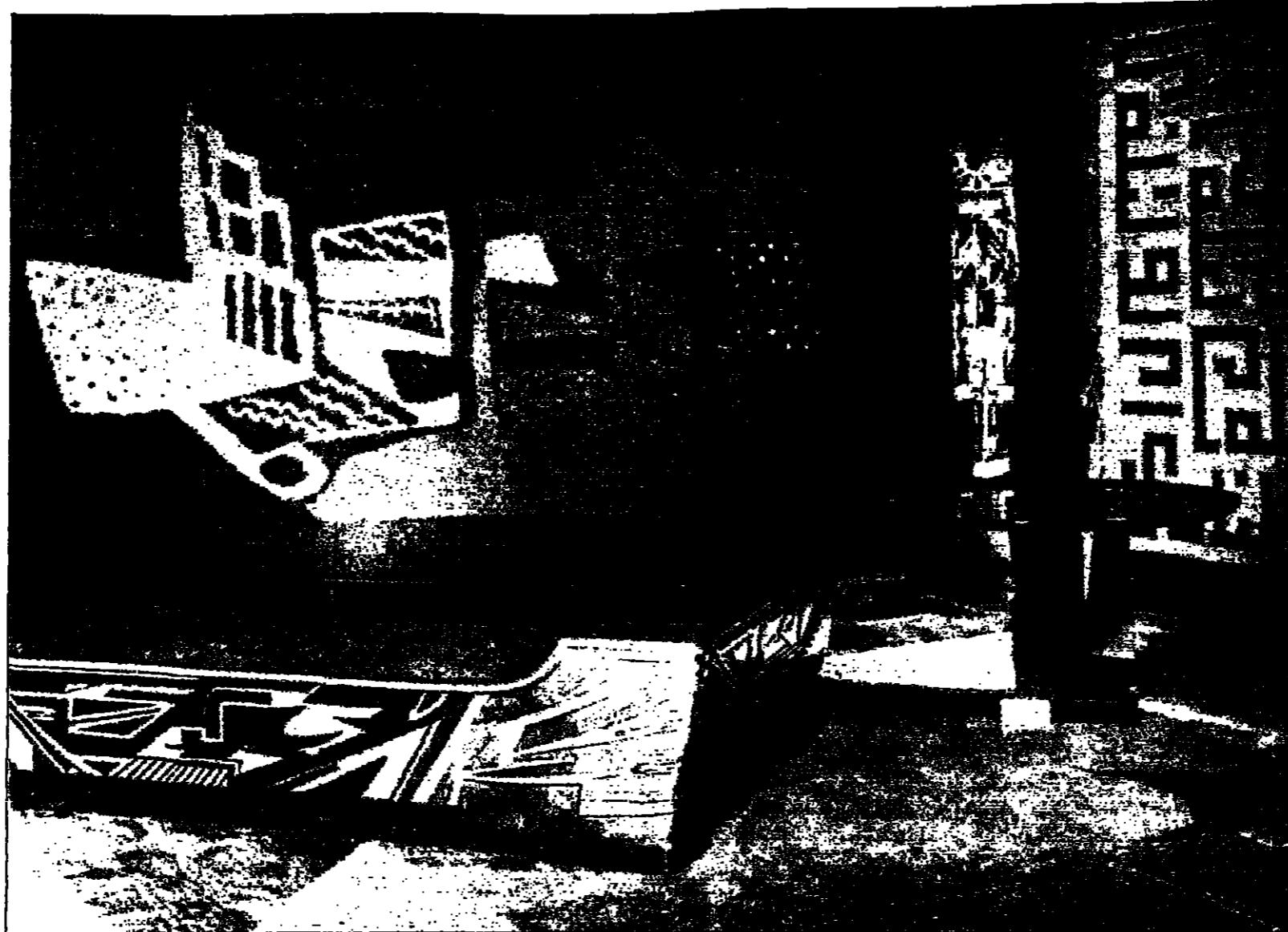
Paris in the Twenties became the most exciting and productive city in the world for artists, writers and designers. The artistic milieu comprised many native talents and was also much enriched by the lively personalities drawn to it from other European countries and from across the Atlantic. The newly married de Lanux couple soon found themselves a part of this world and in later life Eyre recalled encounters with Bracque, Matisse and Picasso, Gide and Hemingway, the great patron, collector and author Gertrude Stein, and leading lights of the Dada and Surrealist movements including Aragon, Breton, Eluard and Man Ray. From 1924 Pierre ran the Paris headquarters of the League of Nations whilst his wife involved herself in the art and literary world as an author, contributing a regular feature to *Town & Country* magazine.

It was perhaps inevitable that she should find herself before the lenses of Man Ray and of another young American photographer who had worked as his assistant, Berenice Abbott, for they were the principal portraitists of these talented Parisian circles. They recorded the features of a chic and good-looking young woman, sporting the short, boyish haircut favoured by a new, independent-spirited generation. One is reminded of similar portraits by Berenice Abbott of the young Eileen Gray, and it was perhaps equally inevitable that Eyre de Lanux should cross paths with Eileen Gray and Evelyn Wyld, expatriates of similarly independent spirit, the former Irish, the latter British, who had established careers as creators of luxurious hand-crafted furnishings of avant-garde design.

Gray had made a speciality of the demanding craft of lacquer and she and Wyld had collaborated on the design and manufacture of one-off rugs of strong, abstract, painterly design. Dr Lanux met Wyld in order to interview her. The two women established an immediate rapport and de Lanux was persuaded to join Wyld as a partner in her studio workshop at 17-19 rue Visconti. Wyld concentrated on rugs, de Lanux on furniture.

Very few works or records survive from de Lanux's design venture, which lasted into the mid-Thirties. The few pieces of furniture known and photographic records of others are nonetheless adequate to characterise her as a designer of experimental flair. The story of furniture design in France in the Twenties was dominated by the tastes of the *haute bourgeoisie*. This was arguably the last great period of cabinetmaking in the grand tradition established in the 18th century and exemplified in the work of ébénistes décorateurs such as Ruhlmann and Sèvres & Mare.

A smaller group of designers catered to a more esoteric and



Carved bed and small round table, both lacquered, with rugs, designed by de Lanux and Evelyn Wyld and shown at the exhibition of the Union des Artistes Modernes, 1930

artistically adventurous taste, creating furniture and furnishings which had much in common with avant-garde sensibilities in painting and sculpture. Eileen Gray, Pierre Legrain, Marcel Coard, Rose Adler and a handful of others produced extraordinary pieces, luxurious and inventive, in this vein, often reflecting the influence of Cubism and the newly awakened interest in African and tribal arts. This was the path de Lanux was to follow.

De Lanux designed furniture to be executed in lacquer. She evolved a distinctive style of vigorous abstract geometric motifs, deep incised or sculpted and emphasised by the use of contrasting colours. She built furniture from massive slabs of rough-hewn or sand-blasted

glass which would look as modern today as it did in its day. She was also capable of a supremely stylish restraint in undecorated furniture of great simplicity of form.

She had a sensitive eye for colour and worked in muted harmonies. A caption to a contemporary photograph of a group of works by her and Wyld details the combinations of 'beige and dark grey', 'grey, brick and white', 'white and iron grey' and 'havana, brick, grey and white'. She exhibited at the Salon des Artistes Décorateurs and in 1930 participated, again with Wyld, in the inaugural exhibition of the Union des Artistes Modernes.

It was in his home, in the Seventies, that I first saw her work and recognised its strength. It was in the context of a Sotheby's auction in New York in 1989

designer and photographer whose Fitzroy Square gallery was a rallying point for the Modernist avant-garde.

Credit for rediscovering the place of de Lanux and other largely forgotten figures in the story of avant-garde design should go to another American in Paris, the late Robert Walker. This passionate collector-dealer worked obsessively in the Seventies to reconstitute the elements of the careers of these fascinating designers. He discovered several pieces by de Lanux and sang the praises of their exceptional and highly personal qualities.

It was in his home, in the Seventies, that I first saw her work and recognised its strength. It was in the context of a Sotheby's auction in New York in 1989

which included pieces which had belonged to Walker; that I learnt more about the enigmatic Eyre de Lanux. He had written a long introduction to the auction catalogue, giving biographical details of the various designers involved, notably Gray, Legrain and de Lanux, and setting their work into a historical perspective. Whilst able to give a reasonably full account of the careers of Gray and Legrain, my notes on de Lanux were relatively brief as I had very little source material from which to work. I made the mistake of referring to all three designers in the past tense and was embarrassed but at the same time delighted to learn that my text had prompted one journalist reader to delve further and to discover that de Lanux was alive

and alert and living once again in New York. A few more details of her story became available. Ultimately, however, her works must speak for themselves.

In today's art and design scene, hype and novelty all too

often compensate for lack of talent. In the era of mass culture and short attention spans the modest and patient pursuit of quality and of expressive form that is represented by the work of Eyre de Lanux provides a valuable measure which should not be forgotten.

Philippe Garner

Elizabeth Eyre, designer; born Johnson, Pennsylvania; married 1918 Pierre de Lanux (died 1955; one daughter); died New York 8 September 1996.

Otto Luening

Otto Luening was the doyen of American composers and one of the unsung heroes of 20th-century American music, with a huge catalogue of works that has been sorely neglected of late years. Luening, undaunted, continued to compose well into his nineties. He was also a tireless worker of behalf of a range of musical causes.

Luening was born in 1900 in Milwaukee, of immigrant German parents. His father, Eugene, could trace his ancestry back to the early 14th century, was an excellent pianist and conductor; he was also an able composer. Otto, one of seven children, was brought up on a farm outside Milwaukee until, in 1912, his father decided to pursue a musical career in Munich.

In his five years in Munich Otto became a proficient flautist, and also studied orchestration, harmony and piano. He was also a regular concert-goer, getting to know the conducting of Strauss, Walter,

Loewe, Reger and others. In February 1917 the United States broke off diplomatic relations with Germany and the Luenings had hurriedly to leave. They went to Zurich, a move that was to have decisive effects on the career of the young musician.

Zurich during the First World War was a haven for all sorts of refugees. One was Luening, whom the 17-year-old Luening watched board the train that took him back to Russia. Another was James Joyce, for whose English Players Company Luening took part in several productions. A more directly useful contact was Volkmar Andreae, with whom he studied at the Zurich Conservatory and under whom he played in the Tonhalle Orchestra, first as percussionist, then as flautist.

It was in Zurich that he got to know Busoni, who had heard about this promising teenage composer and arranged a play-through of Luening's sextet for wind and strings – one of the earliest of some 300 works that

were eventually to flow from his pen. During the few years left with Germany and the Luenings had hurriedly to leave. They went to Zurich, a move that was to have decisive effects on the career of the young musician.

It was partly on Busoni's recommendation that when, in 1920, Luening returned to the US, his first went to Chicago. His life there was eventful but hardly successful – he earned his living playing flute in show bands – so that when, five years later, Howard Hanson and Vladimir Rosing offered him a job as voice coach and assistant conductor in the opera department of the Eastman School of Music in Rochester, he readily accepted. His long and distinguished career as a teacher had begun.

He was subsequently to teach at the University of Arizona (1932-34) and at Bennington College in Vermont for the 30 years after that, finally to retire from Columbia University in 1970. The understanding nature

of his teaching methods is indicated by the range of styles shown by his students, from traditional composers like John Corigliano and Ezra Laderman to modernists like Charles Wuorinen.

Luening himself was alert to

contemporary developments in music. He conducted, for example, the premieres of several operas – Virgil Thomson's *The Mother of Us All*, Giancarlo Menotti's *The Medium* and his own *Evangeline* – as well as other music. But what put him on the map as an experimentalist was his early embrace of electronics as an aid in composition.

As early as the 1920s he had seen the possibilities of deriving music from characteristics of the overtone, and after Vladimir Ussachevsky joined the staff of Columbia University in 1947 Luening teamed up with him to examine what the new medium could offer; their earliest collaborations were based around the sound of Luening's own flute-playing. In

October 1952 the first public concert featuring their music included Ussachevsky's *Sonic Contours* and Luening's *Low Speed Invention and Fantasy in Space* – took the American musical scene by storm, and Luening found himself more or less famous overnight.

Those early works were 'tape music', as it was then called, produced entirely from manipulated sound on electric tape. Luening's next step was to integrate electronics with live instruments, and his *Rhapsodic Variations* for tape and orchestra was premiered in March 1954, beating Varèse's *Deserts* to the draw by three months – though it is usually Varèse who gets the credit for this innovation.

In his witty and wise autobiography, *The Odyssey of an American Composer* (1980), Luening wrote with amused detachment of that first breakthrough:

To my surprise this event immediately catapulted me into the rarefied at-

mosphere of the international avant-garde. I won many new friends. But they knew little about my earlier musical career and were not particularly interested in it. Many of my old friends and associates looked on my venture into electronic music as a career from which they hoped I would soon recover.

But Luening was not a Jekyll-and-Hyde composer – he was simply seeking to extend the means of expression available to him, without abandoning the traditional tools of key and counterpoint. Yet that apparent divide, putting him in neither one camp nor the other, may perhaps explain why his music has been so thoroughly neglected: the current *Gramophone Classical Catalogue* contains only three works – not 1 per cent of his output.

In spite of his ceaseless com-

posing and his constant efforts as a performer on behalf of other composers, Luening somehow also found time to engage actively in musical administration and activism. He was co-founder, with Aaron Copland, and others, of the American Composers Alliance in 1937-38 and of the American Music Center in 1939; he served on the board of the American Academy in Rome from 1947 (his own application for a fellowship had been rejected 26 years earlier on the grounds that he was too radical); he helped found Composers Recordings Inc (CRI) in 1954; he was an adviser to the Rockefeller Foundation and held numerous other appointments and positions.

Luening's music remains to be discovered. It is to be hoped that his death will remind musicians and recording companies alike that he had been amongst us.

Martin Anderson

Oto Clarence Luening, composer; born Milwaukee, Wisconsin 15 June 1900; married 1927 Ethel Codd (marriage dissolved 1959); 1959 Catherine Brunson; died 2 September 1996.

Graham Law

The warm spring afternoon when the RIBA Awards Jury visited the Pitlochry Festival Theatre was, by happenstance, just hours before its official grand opening. All was gleaming and ready – save for an unobtrusive yellow, sleeves rolled up, quietly giving the matted flowers a final water: *just to be certain*. It was Graham Law, partner in Law & Dunbar-Nasmith, the architect of the building. He relished being discovered watering plants by an awards jury.

The story encapsulates Graham Law's very organised, modest, and precise man, carefully checking things were done well with a self-deprecating humour. A Glaswegian trained in Cambridge, at King's, he joined James (later Professor Sir

James) Dunbar-Nasmith to found the firm of Law & Dunbar-Nasmith in the late 1950s. In the following decade, it was one of the rising new stars of Edinburgh practice, earning a reputation for careful and humane, usually small-scale, designs for schools and private houses.

Law had a particular interest in exhibition design – sometimes in association with Richard Buckle – in a series of powerful art exhibitions on Epstein, Hepworth, Shakespeare, Indian art and dance, and the treasures of Scottish country houses. There was a sense of occasion in his exhibitions equal to that in his theatres, with an added fondness for rich effects.

In the Eden Court Theatre, Inverness, he created the first post-war theatre in Britain to re-establish the concept of intimacy within the auditorium, and to lime the walls with people. The result is possibly best experienced at a conference or participation drama: for the scale is such as to encourage rather than inhibit audience participation, and yet the design still gives the audience the feeling that they, too, are part of the theatrical performance.

As it is in Pitlochry, the Eden Court, well set back on the banks of the Ness, is very much a community theatre, with good social facilities, and a cheerful and sunny first-floor exhibition gallery. There is a further sense of occasion in the way the flying staircase rises through a double-height foyer and de-

fines all the spaces round it, whilst making you feel special as you rise up it. The success of the Eden Court in attracting theatre, opera, and conferences to Inverness whilst encouraging community activity can be gauged from the fact that it has become almost synonymous with its city.

Pitlochry's theatre gained both its opening and its awards. It had formalised the old Pitlochry tent theatre, and exploited the wonderful view over the Tummel with flying stairs rising through the glazed double-height foyer and exhibition space in utter contrast to the cosy womb-like atmosphere within. The front-of-house spaces have a sense of occasion – and even splendour – quite disproportionate to what is, af-

ter all, but a small theatre. And, beneath the billowing glass tent, green rooms and dressing rooms in the brick plinth allow actors the rare privilege of a comparable view (in most theatres actors do not enjoy a quality view).

In its elegant lines, itserry terminal at Ardrosson on the Firth of Clyde was simplicity itself, as was the inventive conversion of several cottages at Easter City, near Hopetoun, into his family house, whose complex interior – rather like Russian dolls, there was always another layer to be discovered – deservedly won more awards.

Beyond architecture – and his family – Graham Law's interests lay principally in the arts. He was an Academician of the Royal Scottish Academy, exhibiting regularly, and was the first chairman of Wasps (Workshops and Artists' Studio Provision, Scotland) – a wonderfully idiosyncratic company which transformed unlikely buildings like redundant bakeries into low-cost artists' studios. He served on the Council of the National Trust for Scotland, and as Convenor of the Investigations Committee of the Royal Incorporation of Architects in Scotland: a role he viewed with some distaste (although he could be mordant about the human condition), but which he undertook with exemplary effectiveness.

He loved music, was passionate about theatre and opera, and was a mean salmon fisher.

Charles McKeon

and others, of the American Composers Alliance in 1937-38 and of the American Music Center in 1939; he served on the board of the American Academy in Rome from 1947 (his own application for a fellowship had been rejected 26 years earlier on the grounds that he was too radical); he helped found Composers Recordings Inc (CRI) in 1954; he was an adviser to the Rockefeller Foundation and held numerous other appointments and positions.

Luening's music remains to be

discovered. It is to be hoped that his death will remind musicians and recording companies alike that he had been amongst us.

Martin Anderson

Graham Couper Law, architect; born 28 September 1923; partner, Law & Dunbar-Nasmith 1957-89 (consultant, 1989-96); RSA 1980, RSA 1995; author of Greek Thomson 1954; married 1951 Isabel Drisdale (one son, three daughters); died Edinburgh 13 September 1996.

Photo: sense of occasion

Organic food needs the supermarket vote

Originic food and farming, like the dated feel of Fair Isle jumpers and sandals. Despite the BSE scare, organo-culture produces a tiny fraction of our national food output. Yet there is a strong case for believing that a move towards organic farming is one of myriad changes needed to secure the long-term health of the planet. How on earth do we get from here to there?

We certainly don't start at Highgrove House. Very little is ever going to be altered by faintly eccentric princely tub-thumping or condescending radio lectures by royal amanuenses such as Jonathon Porritt. Of course Mr Porritt once aspired to political office and therefore engages in the political arts. The heir to the throne, however, needs to recognise that his occasional lectures should encourage and persuade rather than irritate people, by making him sound slightly dotty, or even arrogant. He should remember, when discussing sustainable ecologies, that he owns a fleet of Bentleys and a brace of Aston Martins, among other ecologically questionable items.

There is a depressing "statism" around much of the argument over these green fields. What Ulrich Beck has called an inevitable tension between ecology and democracy seems to be resolved by backing autocracy, as if people could be forced to change

their buying and eating habits by fiat. The best way forward, in fact, would be for government to intervene a lot less. The reason why different methods of food production cannot now be costed on a level field is because of the regime of protection and subsidy. Even establishing a common basis for evaluating farmland is made well-nigh impossible by the distortions introduced by the Common Agricultural Policy. The organic camp is perfectly right to say that the economic case for crop rotation is butchered by the existence of subsidies for keeping land in production. Comparing the costs of producing apples in Worcestershire against the Auvergne (let alone in Appalachia or Western Australia) implies that we know the opportunity cost of ploughing the orchards up; government policies prevent that.

Rational analysis would require us to introduce time into calculations of costs and benefits. The case for doing so is not new but is no less strong for having been ignored by economists and compilers of national accounts for years. Like the use of roads by cars and lorries, the use of land by conventional farmers is rarely adequately costed. Privatisation of water has made it extraordinarily difficult to see, let alone control, real costs of water throughout the cycle. Polluter pays is a principle yet to be fully visited on farmers.

Policy should move to knock away the

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supports. Then see what competition brings. Does organic produce taste better? Is its superior taste worth the marginal cost? There is only one way to find out. Green lobbyists habitually underestimate the sophistication of consumers. Those trips down the aisles at the supermarket are, for most people, essays in multiple factors – cost, convenience, taste, appearance and the genuine concern many people feel about their planet and their peers. Of course choice is constrained by income: poor people tend to rate price over purity. Branding also matters. If Prince Charles were more of an entrepreneur he would

be turning us all on to the beauties of his non-BSE, organic beef. He is quite right to point out that we might not have BSE at all if we had avoided feeding cattle with the mashed-up remains of their own kind. But lament is less effective than leadership – say, by encouraging the Epicurean temperament with a few organic banquets. Making grass-fed beef Wellington fashionable would do more for the planet than a royal wardrobe full of hair shirts.

But is this faith in market somehow naive or, worse, a recipe for exploitation of ecologies and societies which are being stitched into global produc-

tion systems that benefit Us much more than Them? Kenyan beans, temperate fruit from tropical countries, seem to some to be unacceptable examples of how world trade is ecologically unsound; yet to others more trade seems the only recipe for prosperity in low-income countries, utilising their comparative advantage, which is the very basis of economic development. The arguments are not simple – but ultimately they will have to be presented to and acted upon by ordinary, everyday consumers.

The technological considerations which surround the use of pesticides and preservatives and, increasingly, the genetic re-engineering of produce are also complicated. Some of it may provide us with cheaper food in a world where that may reduce the risk of starvation and disease. Equally it might be abused, and lead to BSE-type scares. All technological advance carries these different possibilities, threatening and optimistic. Doom-saying does not help sort out progress from folly.

What is at a premium in these circumstances is fact – much of it necessarily coming from the scientists and experts – but also example. People tend to live in the short term. The state of the planet demands a long view. Governments in democracies will only move when they feel people's opinions changing. The risks to us of environmental

abuse only start to shift opinion when people register it in the detail of their daily lives. Consciousness cannot be bludgeoned into change. People will start buying differently, and so induce changes in retail and production markets, as and when they feel that it is in their direct interests to do so. This is the sort of issue where, even in our politicised media and politics, there is no party line. Here is one issue where people can and must vote with the contents of their supermarket trolleys.

Bear necessities down under

Birds do it, bees do it, even cuddly koalas do it. It seems that both the people of Britain and the koalas of Australia are enjoying themselves without regard for the procreative consequences. According to the pill manufacturers, almost a million women are having unprotected sex despite the fact that they don't want babies. Meanwhile, on the other side of the world, fast and furious koala copulation has led to a population explosion. Down under the bears are getting free contraception to help them cope. Here Family Planning Clinics are facing a financial squeeze. Perhaps human beings just aren't cute enough to win state support for their sexual liberty.

LETTERS TO THE EDITOR

Britain and Europe: the sceptics reply

Sir: I do agree with the six Conservatives who wrote to your newspaper that Britain must lead in Europe, not walk away (letter, 19 September). Sir Winston Churchill wanted a European Union and a Union of the English-speaking peoples, with Britain belonging to the second of these bodies. Events have moved on since then.

The way for us to have real influence in Europe is to offer an alternative to Chancellor Kohl's scheme of political, monetary and economic union. We should seek a Europe of Nations, as the Government's White Paper proposes. We should reinforce the Foreign Secretary's warning that currency union is set to divide the Community, creating new rows and tensions. We should insist that Europe's politicians tackle the Continent's main problem, the crisis of mass unemployment.

Britain has a lot to offer in the debate. It is our policies of flexible exchange rates, lower interest rates and lower taxes which are delivering success in the battle for jobs. It is the EC's policies of rigid exchange rates, monetary tightness preparing for union, higher taxes and the Social Chapter which are destroying jobs on the Continent.

Most Conservatives do not want Britain to turn in on herself. We are not Little Englanders. We know that Britain must live by trading with the wider world. We need trade and friendship with Western Europe as well as with Asia and the Americas. Now is the time for Conservatives to shape Europe for the better. That requires less government from Brussels and an economic climate suitable for enterprise.

JOHN REDWOOD MP
(Wokingham, C)
House of Commons
London SW1

Sir: While there are few who would doubt the sincere commitment of Sir Edward Heath to the European Union cause or his personal integrity, we believe that the signatories to his letter (19 September) should ask themselves whether it is tolerable in a democratic society for economic management and control to be transferred to a central bank in Frankfurt without the people being consulted.

As Britain saw to its great cost during the ERM episode, artificial exchange rates are simply a recipe for unemployment and excessive borrowing; and as we should also be aware, the tragic and growing levels of unemployment in the EU appear to stem significantly from a commitment to such artificial exchange rates.

Although the views expressed in Sir Edward's letter now appear to be very much minority opinions, it cannot be denied that there are deep divisions on the issues within the Conservative Party. Surely the right answer is to accept the basic principle that the nation belongs to the people and to nobody else. As democrats, we would appeal to Sir Edward and his colleagues to accept that the only answer to the divisions, which would undoubtedly also be reflected within any future Labour government, is to pass legislation to give the voters an opportunity of deciding whether they wish to continue with Euro integration, to stick to abandon it, or to endeavour to secure a separate relationship with the EU.



It is rather unfair and insulting for Sir Edward's supporters to refer to the views of Eurosceptics as being those of "little Englanders".

We regard our stance as being that of Conservatives seeking to secure our position in a world trading situation rather than as participants in a protectionist, costly and bureaucratic Brussels enterprise.

SIR TEDDY TAYLOR MP
(Southend East, C)

SIR RICHARD BODY MP
(Holland with Boston, C)

RICHARD SHEPHERD MP
(Aldridge Brownhills, C)

House of Commons

Sir: Not all opponents of EMU or the European Union advocate walking away from Europe. Indeed all such have an obligation to advertise its nature, operation, and effects. All three are supranational; over time they will suppress any remaining genuine international element.

Lord Howe has said we should not "lock ourselves out of the debate" on EMU. Is "sign up or shut up" appropriate language within any democratic community?

As the rules of this unique Community-Union show that it is centralist, authoritarian and unitary – already well beyond the feared, and disclaimed, federal. Even the vaunted democracy is non-operative. Current or future electorates cannot, in practice, obtain objectives or aspire to legislation contrary to the complex terms of Union treaties or laws.

These unhappy facts must be demonstrated clearly to all our European friends. Your signatures, having approved all three treaties without mandate from people, Parliament, or even

their own party cannot easily do so, or deny the constitutional truth.

Let us applaud the risks that some of them, and others of their generation, took to obtain pan-European freedom in the war of 1939-45. At the same time we must deplore and unmask the fallacies of their adopted means of ensuring peace and concord into the 21st century. Unfortunately its effects are more likely to impede, or even destroy, the attainment of its highly advertised purposes.

NIGEL SPEARING MP
(Newham South, Lab)

House of Commons

Sir: I read with intense interest the letter from the six illustrious Conservative leaders. I cannot help offering a footnote.

In 1950 I visited Dr Adenauer, then Chancellor of Western Germany. I was Minister of Civil Aviation at the time but I got to know him quite well when I was Minister for the British Zone in 1947-48. He urged me to beg the British Prime Minister, Clement Attlee, the British Foreign Secretary, Ernest Bevin, and their colleagues to join the Franco-German coal and steel pact, then in the process of formation.

I think that he overestimated my influence, which was not great. My submission to the government leaders when I got home was brushed aside. A high Treasury official wrote a crushing memorandum opining that to join Europe at that stage would be to tie ourselves to a corpse. The Labour government missed the bus then, but so did the Conservatives for a

good many years after they came into power in 1951.

FRANK LONGFORD
The Earl of Longford
House of Lords

Sir: Your leading article of 17 September tells us that leaving the EU "would be extremely damaging". Well, it might be; then it might not. One of the problems with the so-called EU is that

nobody knows what it is or where it is going: what is now called the EU is little more than a rebadging of the EC/Common Market.

One of its better kept secrets is

that it is meant to rest on three pillars, of which only the EC is anywhere near completion. The other two pillars, foreign and security policy, and justice and home affairs, are still mere bureaucratic sketches on the backs of envelopes. In view of the difficulty of trying to form a common view on such things as Bosnia and the Middle East, and the likely reaction of British voters to any further intrusion of Continental legal and policing practices, as well as the problems a small wonder that we hear little of them.

Since what we have now is quite different from what was offered at the 1975 referendum (for instance, the official information pack told us that European law would only be "for a few commercial and industrial purposes") it is time that we had another referendum, not confined to the currency issue – and this time with accurate information on what we are being asked to vote for. Certainly if the EU were a company

floated on the 1975 prospectus all the directors would be in jail by now.

JOHN PARFITT
Painswick, Gloucestershire

Sir: There is no need for any voter who demands a democratic voice on our future in Europe to embrace the wider shores of British politics in the shape of Sir James Goldsmith and his Referendum Party (leading article, 17 September). The Liberal Democrats have long been committed to holding a referendum on the implications of possible further European integration. We firmly believe that the electorate has a right to be directly consulted on an issue of such major constitutional importance.

The Referendum Party should be seen for what it is: a vehicle for extremist anti-European sentiment. It is the Liberal Democrats to whom the other two main parties should look for a lesson in democracy.

CHARLES KENNEDY MP
(Ross, Cromarty and Skye, Lib Dem)
Liberal Democrat Spokesman on Europe
House of Commons

Sir: The Conservative "Grandees" letter, plus the constant bickering between old and new Labour, illustrate the need for proportional representation. It would allow a sanitary split in both Conservative and Labour parties and it is easy to speculate on the hard-right, moderate and hard-left groupings that would ensue. It would certainly solve my problem: I am a lifelong Conservative but loathe the politics of Portillo, Redwood and others.

G F STEERLE
Ipswich

Esther Rantzen's porn paradox

Sir: Esther Rantzen, in supporting the censorship of Mapplethorpe's photograph *Rose* (Letters, 18 September), unwittingly generates a paradox. She suggests that you ought not to criticise photographs unless you have seen them. Having seen *Rose*, she believes the photograph to be exploitative and pornographic and that therefore it should not be on public view.

If Ms Rantzen is right that photographs should not be criticised until seen, she is seeking to ensure that I and others are in no position to criticise *Rose*. Being critically important in this way, I and others should therefore offer no support for her criticism of the photograph and hence no support for the censorship.

PETER CAVE
London NW3

Sir: I thought that it was a criminal offence to send pornographic material through the post. If it is, Esther Rantzen appears to have chosen an interesting method to prove or disprove her case.

PHAYS-NOWAK
Sayers Common, West Sussex

Sir: The attitudes discussed in "Photography and the new censorship" (12 September) fall short of the pinnacle of absurdity.

A local friend took photographs of a nude stage person – her grandchild – being weighed at the age of a few hours.

The film processor knew his duty: he blacked out the child's genitals on all the pictures.

TOM MEYER
Lostwithiel, Cornwall

Only fairness can save Tories

Sir: I agreed very strongly with many of the Prime Minister's points in his address on moral issues ("Major ventures into the moral maze", 19 September). I fully support his courageous efforts to revive the party's fortunes. We have been lucky in having a leader with a consistently higher poll rating than the party he leads. However, therein lies the basic problem which Tories have to face up to with the same kind of courage that John Major has shown over the years.

The ominous conclusion from so many years of a strong right-wing bias in leading policy areas cannot be denied; inevitably such socio-economic programmes simultaneously create the unfair society unless governmental action corrects this trend.

This is sadly what we have now reached. Vast numbers of moderate fair-minded people in Britain feel vehemently that Thatcherism has led to a modern society of gross unfairness and inequalities. These are steadily undermining what was once our green and pleasant land.

The grotesque contrast between unemployed and low-paid citizens engaged in a desperate struggle to survive and senior directors' prolonged obsession with their own huge remuneration packages is one such image. There are many other painful examples.

In abandoning the one-nation principle the Conservative Party has overlooked two vital truths: the state exists to help the defenceless; and the Thatcherite creed that *nothing matters except making money* causes the collapse of the fair and balanced society.

If you add the serious misuse of public assets for private gain that occurs in such examples as railway privatisation the total picture remains bleak indeed.

At this juncture references to reducing direct taxes for better-off citizens and even abolishing their capital tax obligations is ruthlessly careless of society's overall good.

Meanwhile the Cabinet still has its chance to move away from extreme right-wing policies and avoid the smashing defeat which is otherwise facing our party at the next election.

HUGH DYKES MP
(Harrow East, C)
House of Commons
London SW1

Sir: Mr Major says: "I do not want personal choices made for me by the state." What he and his party do not understand is that for most of us there are many choices which we cannot choose to make unless the state helps us to do so. To take a topical example, many people want to choose to go to university but some of them cannot afford to make that choice unless Mr Major will fund universities well enough for them to go to university without incurring debts of £20,000. If Mr Major really believes in freedom of choice he must put his money where his mouth is.

EADIE RUSSELL
Liberal Democrat Social Security Spokesperson
House of Lords
London SW1

Sir: I trust Gillian Shephard is keeping up with events and the syllabuses at schools and universities will be promptly updated. As John Major has indicated, morality should clearly be taught as a branch of economics rather than philosophy or religion.

ROD LAWSON
e-mail: rlawson@tattoo.ed.ac.uk

Twenty-five years of Ireland's Dr No

Ian Paisley is not a religious politician, but a fundamentalist who is in politics. And his fierce belief probably means that Ulster can reach no agreement while he is on the scene, says David McKittrick

Next month marks the 25th anniversary of the Democratic Unionist party, the grouping fashioned by Dr Ian Paisley as a weapon to ensure that Protestants and Catholics in Northern Ireland should not reach an accommodation.

It has served brilliantly in its mission of helping to keep the two traditions apart. Today, at the age of 70, Paisley is in the thick of the multi-party talks at Stormont, as fundamentalist a Protestant as ever, as central as ever to the Northern Ireland political scene, and once again an obstacle to agreement.

Ian Paisley was ordained a minister in the 1940s. By the 1950s he was figuring in bitter religious controversies; by the 1960s he had become a formidable street demagogue. Age may be slowing him down a little, but his record of 26 years in the House of Commons, and 17 in the European Parliament, serves as a standing rebuttal of the proverb that travel broadens the mind.

He still says today what he said in the 1960s: that Ulster is in peril from the IRA and the Vatican, that the Protestants cannot trust British governments, and that they must act to safeguard their heritage.

The tragedy is that one of the brightest, most subtle and most perceptive minds of his generation should have opted, at every key juncture in his long career, for confrontation rather than accommodation.

IN THIS WEEKEND'S INDEPENDENT ON SUNDAY

A RUM FAMILY AFFAIR

The Bacardis enjoy riches, glamour and a spectacularly successful global business. So why is this proud Cuban dynasty tearing itself apart? John Carlin reports on an unseemly feud

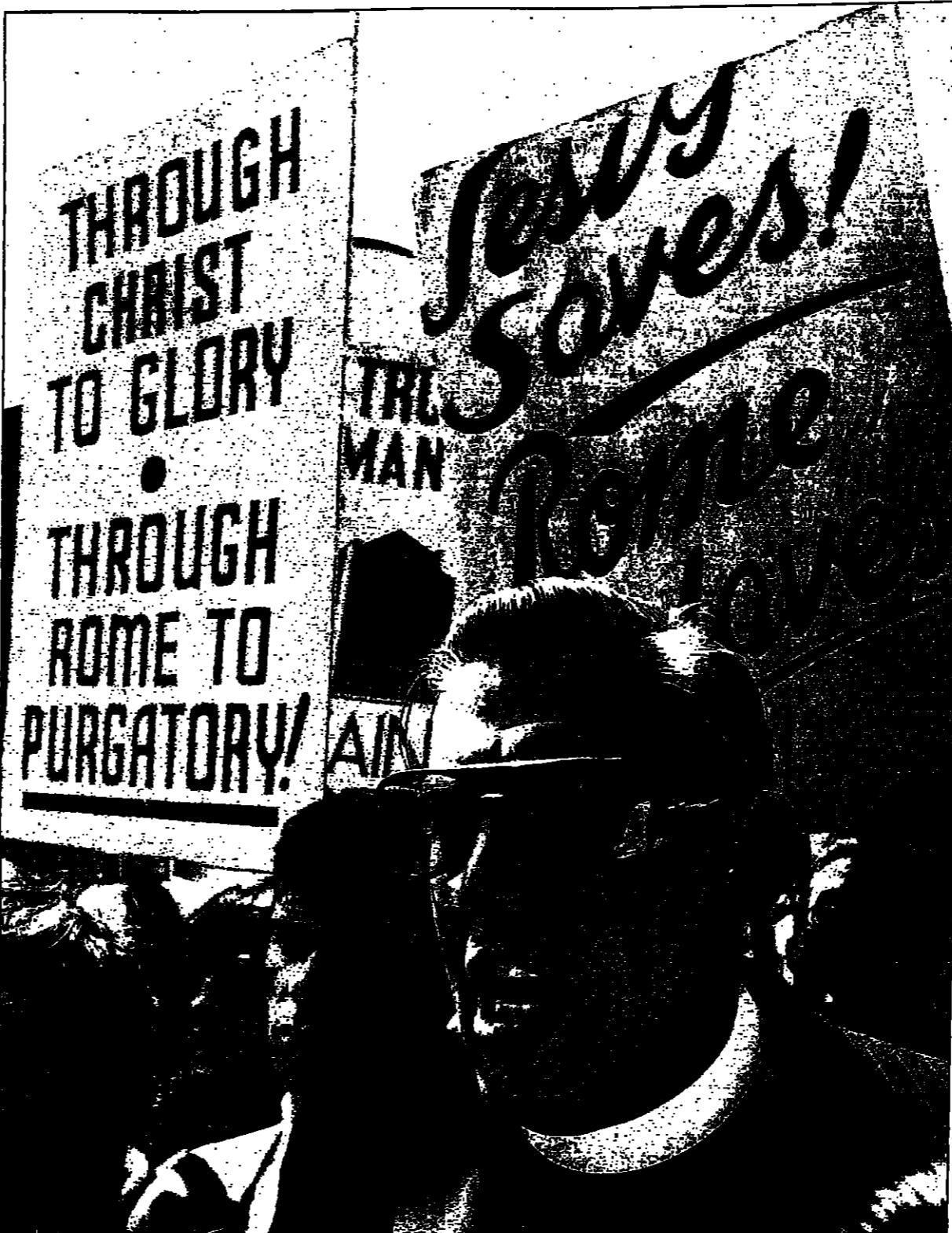


He's one of Britain's wealthiest men, but Phil Collins (right) still claims to be 'an ordinary bloke from Hounslow'. In an unusually frank interview, he talks to Cole Moreton about love, money and fame

Plus: Lee Marshall observes Jane Campion in Italy, and John Wells visits London's Fashion Café

and in real life

Bruce and balls: why do so many soccer stars fall for the bottle? Plus: Her Royal Hurr-ness - Hester Lacey interviews Cilla Brown studies: how to wear the new black. And the Critics: the week in review and the week ahead



His preaching style is melodramatic and much concerned with Catholicism. His vocabulary is unchanged from the days when James Callaghan accused him of "using the language of war cast in a biblical mould". Congregations continue to be bombarded with talk of the Papal Anti-Christ in the Vatican, the maws of Rome, the mother of harlots, the blasphemous mass, and warned of Irish Catholicism's "continuous and concentrated campaign to eliminate the Protestant community."

Donald Soper once called this style cabaret, describing Belfast as a city of many religious nightclubs. It is certainly true that many of the old dears who come to see Paisley clearly enjoy the service hugely, to the extent that it can seem as much entertainment as worship. Tape recordings are available at the end of each service.

It is also true that Paisley's technique of thrilling and frightening his listeners with the demonology of Rome, along with the fear of damnation, can lead to him being viewed as an evangelical Protestant version of Vincent Price. But it is a fundamental error to conclude from his theatricality that his religion is not genuine.

Nothing could be further from the truth. He is remarkably learned in his theology. His Protestant faith is deep, sincere and unshakeable: so too is his conviction that the Pope is in

league with the devil. He told Pope John Paul II that to his face, confronting him on a visit to the European Parliament by shouting "I renounce you as the Anti-Christ."

He once outlined his philosophy to his flock in his huge Martyr's Memorial church, the Belfast headquarters of a church that has branches in England, the Republic and Canada: "You've got to take your stand, you know. There's not going to be any compromise. If you compromise God will curse you. If you stand God will bless you. That's why God has blessed this preacher and this church."

As in religion, so in politics. When he looks at non-Unionists in Northern Ireland he sees not nationalists or republicans but, primarily, Catholics. He puts his religion before his politics – and indeed higher than the crown, for he has made it clear that if the British monarchy ceases to be Protestant then his loyalty to it will cease.

It is small wonder, given this deep-seated aversion to compromise, that he has caused so much grief to British politicians who have dealt with him.

Reginald Maudling, a former Tory Home Secretary, found him "one of the most difficult characters anyone could hope to deal with. I always found his influence dangerous." William

Whitelaw, a former Northern Ireland Secretary, marvelled at his "unrivalled skill at undermining the plans of others. He can effectively destroy and obstruct, but he has never seemed able to act constructively." James Prior thought him "basically a man who thrives on the violent scenes. His aim is to stir the emotions of the Protestant people. His bigotry easily boils over into bombast." Meetings Paisley held with Margaret Thatcher and John Major have ended close to uproar.

It is an indication of the complexity of the man that Maudling, Whitelaw and Prior, while criticising him so sternly, also commented wondfully that in private he could be charming, friendly and engaging. Part of the exasperation of British ministers springs from his proficiency in the politics of alarmist denunciation: for he continually portrays British governments as conspiratorial and treacherous.

But another reason is the charge that Paisley has aggravated already dangerous situations. One ex-minister said: "It's all very well to say he's giving voice to genuine Protestant fears and worries, but it's more than that. He feeds the paranoia and reinforces it. He amplifies it."

A frequent criticism centres on his recurring forays into the murky underworld of extreme loyalism, where he goes beyond rhetorical and makes an alliance with men in masks. In doing so he has displayed less consistency than he does in matters religious. In 1974, for example, he co-operated with the largest paramilitary group, the Ulster Defence Association, to stage a loyalist general strike. The following year he denounced them as loyalist killers, engaging in crimes "just as heinous and bellicose as those of the IRA". But two years later, in 1977, he was back in alliance with them to stage another stoppage.

Up to a dozen times over the years, Paisley has urged Protestants to form a "third force" to take on the IRA. Sometimes these calls have involved shows of force: in 1986, for example, 4,000 men, many masked, staged a nocturnal parade through the County Down town of Hillsborough.

On another occasion journalists were brought to a County Antrim hillside at dead of night, to find 500 men drawn up in military formation, brandishing pieces of paper. Paisley explained these were gun certificates, declaring: "I will take full responsibility for anything these men do. We will stop at nothing."

Critics say such behaviour can help to provoke impressionable Protestant youths to join paramilitary groups and become involved in actual, rather than rhetorical, violence. There is evidence that he can have a similar effect on the republican side.

In the 1970s a Protestant minister asked IRA leader Daithi O Conaill about a rumour that the IRA would try to kill Paisley. He recalled: "O Conaill just simply told me: 'There's no way we would kill Ian Paisley. Paisley is the best recruiting sergeant we've got.'" O Conaill said of Paisley's threats that the Protestant people would take the law into their own hands: "When the Catholic community hears that, a chill goes down the spine of every Catholic in west Belfast, and after that we have no trouble in getting volunteers, safe houses and money."

There have been the few occasions where Paisley has surprised and unnerved opponents by taking an unexpectedly moderate line. With hindsight, however, these can be seen as tactical salvoes to eat into support for the Ulster Unionists, the largest Unionist party.

The fact that it is the largest Unionist party is one of the banes of Paisley's life, since it means that his own Democratic Unionist party is forever number two. Yet the gap between the DUP and the UUP is not as big as people assume; and herein lies Paisley's deeper political significance.

Because David Trimble's UUP has nine Westminster MPs while Paisley has only three, many casual observers tend to assume that the DUP is something of a fringe element. The statistics confound this. In Westminster elections Paisley takes on average 12 per cent of the vote, but this is not a true measure of his support, since in these contests many Unionist voters cluster around the UUP as the party most likely to win seats.

When the results of other elections – for councils, assemblies and Europe – are analysed, Paisley's support soars. In this year's forum election Trimble took 46 per cent of the Unionist vote; Paisley took 36 per cent and a close associate won another 7 per cent. Paisley voters are by no means all evangelical, but they are certainly voting against compromise.

In other words Paisley is not some peripheral phenomenon: he can in fact credibly claim to speak for four out of every 10 Unionist voters. This level of support is not enough to take control of Unionism, but it is certainly enough to exercise a powerful inhibiting influence on the Ulster Unionists. Any Unionist leader contemplating an accommodation with nationalists knows that doing so would produce a furious Paisley onslaught.

To put it at its bleakest, Paisley's level of support, together with his forcefulness and political skills, may well be enough to ensure that, as long as he is on the scene, there will never be political accommodation between Unionist and nationalist. His lifelong preference for conflict over compromise means he would regard this as a victory for his fundamental religious values, and doubtless means he will be proud to have that as his epitaph.

True or False? Great ideas that died



Miles Kington

The twentieth century has been shaped by a succession of beliefs and creeds that have had tremendous influence on us all and then been proved to be false. Beliefs such as Soviet communism. The belief that the Tory party is the party of tax cuts. The belief that electrical goods made in Japan have comprehensible English instructions provided with them. The belief that if you start a part-work history and give away instalment Number Two FREE with Number One,

then people will buy Number Three ...

Today, as it happens, I am starting a new part-work history, and by incredible chance it is a collection of Beliefs and Creeds that have had Tremendous Influence on us all in The Twentieth Century and then Been Proved to be False. What is interesting is that all the false ideas and beliefs I bring you today are still believed by most people!

So here we go, with Part One of A Hundred Great Ideas That Have Shaped Our Century Even Though They Were Non-Starter.

1. The idea that adding "Le" to an English word makes it French. "Le Shuttle" means nothing – there already is a good French word for shuttle and it isn't "shuttle" and anyway it should be "la shuttle" if anything. Le Crunch in apple advertisements – who are they kidding? "Le car" in car ads – do they know that "le car" in French already exists? And means "the bus"?

2. The Tory belief that if you preach the value of giving people the right to choose, this automatically

means that there are things worth choosing from. If I have the right to choose my child's school, and there are no good schools, what price choice? To put it even more plainly, if I have the right to choose at the ballot box, and my choice is between Labour and Tory, is it worth having a choice? And what price democracy?

3. The belief that if something is right it is easy to fit, but that if it is "lite" it will help you get slim.

4. The belief that anything in a hotel bedroom is yours to take away free. This light-fingeredness on the part of guests has led to a radical rethink in hotel bedroom design, even down to keys, which now tend not to be heavy metal items but light computerised cards which cannot be re-used. Hotel hangers have been made useless anywhere but in the hotel cupboard. Everything else has been made too small to be tempting (soap, shampoo sachets, bottles in mini-bars) or too foolish (eg. shoe-shine papers, courtesy shower caps).

5. The belief that the new computer culture will lead to better design. Nothing could be worse designed and cluttered than the cover of the average computer magazine. God knows what the contents are like.

6. The belief, very common among even experienced passengers, that if you jump to your feet when the plane comes to a stop you will get off quicker. All that happens is that you stay on your feet for ten minutes, unable even to get back to your seat. If by a miracle you do get off quicker, you only have to stand longer in the terminal.

7. The belief that you have to go away from home to be on holiday.

8. The amazing belief, sincerely held by petrol companies, that motorists prefer one brand of petrol to another. (They must believe it, else they wouldn't do all that advertising.)

9. The belief that the pace of life in big cities is much faster than elsewhere. Actually, it's much slower, because of the crawling pace of traffic and people's unwillingness to walk. The reason that city life seems rushed is that people are

always delayed by the slowness of city life and late for something else. The symbol of city life is a man standing still on a street corner, idly chatting into a mobile phone, the modern equivalent of a country yokel chewing a bit of straw.

10. The belief that an information explosion is the same thing as a knowledge explosion.

11. The belief that sex education is more important than love education.

12. The belief in Britain that anyone in America is aware that there is a special relationship between us.

13. The belief that fashion and style are the same thing.

Not only are they not the same thing, they are actually complete opposites. Fashion changes all the time, style stays the same. If you've got style, you don't need fashion. In Quentin Crisp's words "Fashion is only for people who don't know who they are".

14. The belief that if you leave washing-up without rinsing it, the taste of washing-up liquid will magically vanish.

More great wrong-headed notions of the twentieth century coming soon!

مكتبة من الأصل

A better society and lower public spending

Hamish
McRae

It can be done. A left-leaning Labour government could compete with the Tories in the small government stakes, and still be true to its values

Nobody now seems to love the state. John Major has just committed the Tories to cutting state spending as a proportion of national income from 42 per cent to 40 per cent, with further cuts in store. Tony Blair promises that new Labour will not be a tax-and-spend government and repeatedly attacks the Tories for failing to deliver on their promised tax cuts. So two experienced politicians know where to pitch their competitive tenders for our votes: we do not, they judge, go a bundle on big government.

It's an interesting switch from the rhetoric of the last three elections. Then the Tories focused on tax cuts but Labour stressed the quality of services from higher public spending. But it's a switch that carries dangers for both leaders. For Mr Major the charge is that he talks about smaller government but does not deliver, that he is all mouth and no trousers. For Mr Blair it is that, sure, Labour won't be a rabid tamer and spender, but it will be more tamer and spender than the other lot. "Small government" is a clear message even if the delivery mechanism is suspect; it's certainly clearer than "not quite such big government as you expected from what we said last time." The Labour leadership knows it is in a bind over tax, but in reality it's in a bind over something even more fundamental: Labour needs to find ways of achieving its social and economic ends which do not involve a higher proportion of GDP going through the state.

We've become so accustomed to the idea that parties of the right favour small government and parties of the left want big that the idea that it may be possible to achieve the goals of the left any other way seems ridiculous. Yet there's no necessary reason why a left-leaning government should not work towards a decent, reasonably egalitarian and humane society at a much lower level of public spending than now.

The responsibility of the government is to protect the disadvantaged. But to see that they receive decent services does not mean that the government has to manufacture those services itself. That surely is the gigantic opportunity for Labour: create a new welfare state that does not rely on high public spending, something designed for the world as it is now, rather than the world as it was 50 years ago. How might that be done?

There are two broad paths forward and Labour must take both. One is to cut the size of the problem by encouraging people who are able to look after themselves not to require other taxpayers to do so for them. The other is to find the most efficient way of providing a service, which may or may not involve the government doing it itself.

OUR SERIES ON THE PEOPLE JOCKEYING FOR INFLUENCE IN THE LATE NINETIES



Media
Which national newspapers will be backing Tony Blair in the run-up to the general election? By Jonathan Glancey

Tony Blair flew halfway around the world last year to shake hands and "share a joke", as caption writers say, with Rupert Murdoch, the media tycoon with the *Times*, *Sunday Times* and the *Sun* in his pocket. The "honeymoon", as the press described it, between Murdoch and Blair has been an ultimately inscrutable episode. Whether or not Murdoch will tell his editors to back Labour at the next general election remains anyone's guess, and there are many guesses.

What we know for sure is that Blair needs Murdoch more than Murdoch needs Blair, and that the *Sun*, *Times* and *Sunday Times* were slavish supporters of Margaret Thatcher and her vision of privatised and society-less Britain. Why change now?

There are perfectly good reasons to do so: not least because the rise of professional women in Britain has seen a decline in the traditional female Tory vote. Papers must increasingly woo women readers. While it is true that the *Daily Mail*, that most blimpish of all newspapers, is aimed principally at women and is as likely to back Blair as the Pope is to get married, the *Mail on Sunday*, a gentler read than its John Bullish sibling, is surprisingly sweet on Tony'n'Cherie.

One right-wing daily flinging Blair is the *Daily Express*. Lord Hollick, its new managing director, is a Labour peer and was formerly on the board of Mirror Group newspapers: the *Daily Mirror* and *Mirror on Sunday* have always supported Labour. The Express's editor, Richard Addis, a former monk, is a zealous Tory, but already in the seven months of Hollick's involvement he has displayed clear signs of wanting to curry favour with the new boss by splattering his pages with flattering pictures of new Labour personalities.

Another initially surprising realignment is the *London Evening Standard's* steady swing from right-wing Tory to new Labour editorial. The paper has backed calls by Blair for a new elected authority, and possibly a mayor for London, as well as Lord Rogers's campaign for a radically improved urban infrastructure.

At a recent meeting between Max Hastings, the *Standard's* old-school Tory editor and senior journalists, only one hand was

raised in favour of supporting the Conservatives at the next election. It would be very out of character for Hastings to smart up to the new Labour mandarins, but it would make perfect sense for him to ease the paper back to the days when it represented the liberal and vaguely leftist stance characteristic of cosmopolitan London. The paper devotes much space to the lives and lifestyles of the young and incurably fash-

You can see Labour tipping down the first path: the idea of some kind of compulsory saving scheme for boosting retirement pensions, or the proposal to trim benefit for families with 16-to-18-year-olds in full-time education. But a government really anxious to redistribute wealth could go much further. It might, for example, require families with high incomes to contribute something towards their children's schooling costs. Universities could charge the well-off students for tuition. While most health care would remain free at point of use, patients who could afford it would be expected to make some contribution towards treatment, perhaps through a compulsory insurance scheme. This would be a very different welfare state, but there's no reason why it should not be just as effective – preferably more effective – at helping those most in need.

The second path is the drive to efficiency. Large companies all over the world are relentlessly trying both to contain costs and drive up the quality of their service. As a result these companies are continually reorganising the way they work. They outsource and they cut their own labour force, but they also start new divisions and buy new businesses. Often such reorganisations are unsuccessful, but the overall effect is to drive up productivity, the building block of higher living standards.

All this is done as a result of practical, apolitical decisions. Companies reorganise not because their ideology tells them to, but because they hope that it will result in a better service at a lower cost. Public sector reorganisation, by contrast, has been driven by politics. The great opportunity for Labour is that they can start here with some element of trust.

All this may seem very foreign, very different from the platform of left-leaning governments, which have tended to think of public spending as the cure for social problems. But suppose you could cut public spending not just to the 40 per cent of GDP cited by Mr Major, but say to the 33 per cent of Japan. Then you could, for example, abolish income tax for everyone with below-average earnings. Gordon Brown quite rightly has identified the need to cut taxes on the low paid and has promised a new lower tax rate for them. But why bother with the admin cost and complication of taking 10 per cent of the income of relatively poor people? Far better that they should pay no income tax at all. The black economy and the poverty trap would largely disappear.

If this sort of programme seems too radical for Labour, let the leaders ponder this. If only they could cut back public spending, the left could be tax-cutters too – except that they would cut taxes for the poor, not for the rich.

Charles: King of the Legumes

By Suzanne Moore



Prince Charles exhorts us to renew our relationship with the planet, but he seems to have severed all connection with it himself

monarchy. Genetic engineering makes him nervous possibly because it is too close to home. We should, he warned us, fear the consequences of introducing self-replicating organisms into the environment. Believe me, Charles, we already do.

It may be as boring as one of his speeches to keep pointing the finger at his hypocrisy. Yet the reason that we cannot take seriously Charles's claim to the moral high ground is because if he ever caught a glimpse of it, he would immediately denounce it as some newfangled carbuncle that was spoiling the

view of his beloved countryside. While John Major tries to find a moral basis for his drum little policies, Charles appeals to the greater good, to the goddess herself – Gaia – to fuel his arguments. Most people, however, understand the notion of sustainability in basic terms as not taking out more than you put in. Sustainability is connected implicitly to notions of quality of life as well as equality. There is nothing sustainable about the way that Charles lives his life. He doesn't plough his vast resources back into the land. He is hardly

frugal, he does nothing to make the world a better place – unless you count these endless pontifications that give sustenance to few but are mostly regarded as like having to put up with an embarrassing uncle.

To talk of the connection between food production, health and the environment is, of course, worthwhile but we have enough experts telling us what should be done and unless the economic will is there to do it then it just can't be done. After BSE, doomsdaying may be easier than ever but it is hardly the Way Forward. Charles identifies the key moral and ethical watershed that genetic engineering has brought about and says that we venture "into realms that belong to God and God alone". This gets us precisely nowhere. Decisions are already being made all the time in these areas and we cannot simply ignore them.

Just as complicated a moral issue is the one of cheap food. Charles claims we are paying many hidden environmental costs by using intensive agricultural methods in order to produce inexpensive food stuffs. Without such methods the poor, the ill and the old could not afford to eat the things they do. Are people prepared to sacrifice short-term choice for long-term benefit? Maybe. Are they prepared to pay three times the price for their pork chops? No.

The spectacle of this bewildered millionaire talking about the possibility of increasing the price of food in the Third World surely leaves a bad taste in someone's mouth if not his. Diana may have been criticised for ambulance-chasing and homing in on hapless patients to exploit their suffering but at least she did it on a one-to-one basis. Her ex-husband prefers to think big and make everyone suffer because of it.

Charles does need to think seriously about sustainability. His own. He ends his speech to the Soil Association encouraging us to look with fresh eyes at the relationships between ourselves and our planet. But should he for the first time in his life exhibit any degree of self-awareness he might realise that he has become discredited not just because he is in effect left his wife for his mistress, not because of vast republican sentiment but because, for all his professed concern for the planet, he appears increasingly to have severed any connection with it some time ago.

Bring back the sound bites

You don't get many books of speeches published. Not when you're alive, anyway. Until very recently the only publisher who would touch the collected congress and tractor factory outpourings of extant politicians was Robert Maxwell. Who can forget Pergamon Press editions of the wit and wisdom of Nicolae Ceausescu, or *Les tres riches heures de Konstantin Chernenko*? British leaders, however, have desisted in the main from such stunts.

But sometimes a chap just needs to get his message across, even if he's not dead. John Redwood (undead), challenging hard for the temporarily vacuous position of leader of the Conservative Party, did it in the spring. And this week it is Tony Blair's turn. His *New Britain: My Vision of a Young Country* is 321 pages long and composed of virtually everything that Tony has said or written anywhere in the last three years.

The reason behind the book's publication is not hard to fathom: Mr Blair has often been accused by detractors and lazy journalists of being a "soundbite" politician. This thick volume effectively refutes any such allegation, as TB reflects at great length about tax, community, education, health, Europe, socialism (oh yes, Kim Howells, that's in there too) and much else besides. Indeed, by the end of it one is left positively lusting after it.

And jokes. It is astonishing that a man can cover so much verbal territory so fast, without ever feeling obliged to stop, take a rest, have a giggle and then

Good-bye battery



Welcome to the future: Seiko Kinetic™ the first quartz watch that turns your movement into power. Every move you make is converted into electrical impulses by a tiny built-in powerhouse. Ecological, reliable and efficient: wear it one day to gain energy for at least two weeks. Wear it daily – it will run continually. Made of titanium: light, yet strong and kind to your skin. 20 bar water-resistant. One-way rotating bezel and screw lock crown. Seiko Kinetic – it's built to last. Someday all watches will be made this way.

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David Aaronovitch

20 business

THE INDEPENDENT • Friday 20 September 1996

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OFT to launch inquiry into pensions mis-selling

NIC CICUTTA

The Office of Fair Trading yesterday announced the most wide-ranging investigation ever by a government body into the pensions industry.

The OFT said its inquiry, covering personal pensions and their relationship to occupational schemes, will be aimed at restoring consumer confidence in the industry in the wake of the pension mis-selling scandal.

Its report, expected in mid-1997, will include a series of recommendations for ministers and other watchdogs, including the Securities and Investments Board.

The SIB and its junior partner, the Personal Investment Authority, recently issued their own guidance on the pension transfer scandal, which affected 1.5 million people, together with strict guidelines on how personal pensions should be sold in future.

The OFT investigation comes in the wake of the 1995 Pensions Act, introduced to clean up occupational schemes in the wake of the Robert Maxwell affair. The House of Commons social security select committee is also carrying out its own inquiry into pension provision.

John Bridgeman, director general at the OFT, said: "At a time when consumers are having to become more pro-active in the way they provide for their retirement, there is also increasing unease about pension

products and the selling methods employed by the industry."

"People are now more worried about living too long to provide a comfortable retirement than they are about dying early."

"Our research will cover consumer experience and the structure and regulation of the industry to see what lessons can be learned from the past and what changes can be made to improve consumer confidence."

The OFT added yesterday that a specific area of investigation would be that of the "potential for detriment" faced by groups such as the self-employed, women and ethnic minorities, who may be disadvantaged by the current personal pensions regime.

Pensions experts have repeatedly argued that funding restrictions mean women and the self-employed, whose earnings may be irregular and who often take career breaks, may not be building up sufficient pensions for their retirement.

Anecdotal evidence from insurers has also suggested that a larger than average proportion of people from ethnic minorities are not making adequate pension provision.

This potential for detriment will also be taken to include whether some people find the whole subject so confusing that they may not be getting the right sort of pension or may be putting off making a decision altogether.

The OFT's inquiry will, how-

ever, range far beyond the personal pension arena and into occupational schemes, examining international alternatives to the UK, including systems in place in Australia, Chile, Singapore and Canada.

The investigation is being spearheaded by Geoff Horton, head of the consumer protection team at the OFT.

He said that the OFT's decision to investigate pensions had been a long-standing one, which was being carried out now because of the additional resources it could devote to the issue.

Mr Horton will be assisted by David Harris, an official from the Australian Competition and Consumer Commission, the equivalent of the OFT.

Pensions experts have repeatedly argued that funding restrictions mean women and the self-employed, whose earnings may be irregular and who often take career breaks, may not be building up sufficient pensions for their retirement.

While talks had been held with several organisations, including the Treasury, Mr Horton denied that the investigation had been officially prompted.

The TUC, which has described the mis-selling as "one of the greatest financial scandals of all time", said it was pleased the OFT was investigating.

Unison, the UK's biggest union with 1.3 million members, which is suing several insurers on behalf of members, said it hoped the OFT would look at those who had been disadvantaged as well as ways of protecting people in the future.

The TUC's inquiry will, however,

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Increasing unease: John Bridgeman believes there is public disquiet over pension products

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Regent calls for Hambros break-up

PETER RODGERS

Financial Editor

Hambros came under fierce attack yesterday from Regent Pacific, its new Hong Kong shareholder, which said the group should break itself up.

Jim Mellon, managing director of Regent, issued a thinly veiled warning that he was trying to assemble a group of like-minded shareholders to force the company to act.

Only a few days ago, Hambros and Regent had what appeared to be a conciliatory meeting in the wake of a previous round of criticisms by Mr Mellon.

Hambros confirmed that Mr Mellon wrote to Sir Chips Keswick, Hambros chief executive, on 11 September putting several proposals forward and demanding a reply by today.

Hambros said: "We are surprised and disappointed to see it in the press before we have had the opportunity to reply." Mr Mellon said of Hambros: "The thing is better broken up."

Julian Mayo, a Regent director in London, said earlier that Mr Mellon was referring to proposals to force Hambros to sell off its 51 per cent stake in the estate agents and financial services group Hambro Countrywide and its 54 per cent stake in Hambro Insurance Services.

Mr Mellon also said that his preferred route was that the company should pay back a substantial amount of capital – as much as £500m – to shareholders. Another £100m should be realised from the sale of several venture capital businesses and a capital intensive but unprofitable lending business returned to shareholders, Mr Mellon added.

Regent holds only 3 per cent of Hambros. But Mr Mellon said: "If they're unprepared to do that, we'll go to the other shareholders and solicit support for some kind of restructuring and I'm sure we'll be successful because they don't have a constituency of support."

Mr Mellon conceded that Regent did not at the moment have the means to buy the company, but he added "there are bits of Hambros that would demand a much higher price outside the current structure". Hambros had clearly been a big disappointment to its investors, he said. He believed Hambros was worth at least 35p a share after buying its stake at 24p. Yesterday the shares rose 0.5p to 26p.

The attack on one of the few remaining traditional merchant banks in London was launched earlier this month when Mr Mellon announced his 3 per cent stake and accompanied it with a broadside against Hambros, saying the board was beautifully decorated – containing a number of eminent figures – but in urgent need of repairs.

BA wastes no time in axeing 750 airport jobs

MICHAEL HARRISON

British Airways yesterday made an immediate start on its £1bn rationalisation programme by announcing the closure of its contract ground handling business at Heathrow airport with the loss of 750 jobs.

BA also hinted that if other parts of the airline under threat of closure wanted to avoid a similar fate, then employees might have to agree to wage reductions.

BA's chief executive, Bob Ayling, said that part of the reason for the closure of the unit, BA Contract Handling, was because it could not make a profit "at current rates of pay".

The business, which provides ticketing, check-in, cargo and baggage handling services for 25 other airlines at terminals Two and Three, had suffered from consistent losses running into millions of pounds, a BA spokesman said.

"We could not see any way of turning the business around and in the end there was no future in it."

All 750 staff will be offered voluntary redundancy or redeployment within BA as part of the airline's drive to cut costs by a £1bn.

The plan, announced on Tuesday, will mean 5,000 job losses over the next 18 months

Signet ends jewellery shops sale

TOM STEVENSON
City Editor

Signet yesterday abandoned its attempt to sell its UK jewellery businesses, H Samuel and Ernest Jones, to the venture capitalist Apax after the two sides failed to agree satisfactory terms.

The failure to complete the deal announced after the market closed last night, is a big blow for the debt-laden group that had hoped to almost wipe



James McAdam: Group will now re-examine all options*

out its £306m borrowings through the sale.

Disagreement is understood to have centred on the leases attaching to the 600 jewellery shops involved in the proposed £280m deal. It is thought Apax was not prepared to offer terms that would have satisfied Signet of any future liability on the leases. In a statement, James McAdam, chairman, said: "Negotiations have now ended. The group will now re-examine all options to

Consumer boom gives industry a boost

DIANE COYLE
Economics Editor

The housing market enjoyed a robust month in August, according to bank and building society lending figures yesterday. There were also signs that the consumer boom is starting to trickle down to industry, with the latest survey reporting a tentative improvement in orders.

The additional evidence of recovery will give Eddie George, Governor of the Bank of England, more ammunition in Monday's monetary meeting with Kenneth Clarke. The Bank has made plain its preference for higher interest rates to tame the spending boom, but City analysts expect the Chancellor to resist.

Mr Clarke's view found support in the absence of pressure on prices at the factory gate. According to the Confederation of British Industry's monthly survey, price expectations are flat and manufacturers have no plans to increase prices during the next four months.

The Confederation of British Industry said that latest figures showed Britain was lagging behind

Adair Turner, CBI director general, said there was no need for a cut in interest rates or taxes. But he added: "Given that inflation is clearly under control, we see no need for immediate moves to raise rates either."

There was further evidence yesterday that the economy was in no need of a boost, as new mortgage lending by both high street banks and building societies increased again last month. Building societies' net advances increased to £1.35bn, the highest level for four years, from £1.23bn in July. The banks' lending rose to £622m from £612m, although this included the switch of lending by the National & Provincial into the banking sector following its takeover by Abbey National.

The Building Societies Association reported a dip in the number of loans approved, from 53,000 to 51,000 in August. But this remained 24 per cent higher than a year earlier.

Adrian Coles, the BSA's di-

rector general, said: "These figures provide the clearest indication that the housing market is returning to health."

The banks' lending figures showed that other borrowing remained buoyant. Consumer credit rose by £210m last month.

In addition, commercial borrowing picked up. There were noticeable increases in lending to manufacturing industry and to the hotels and catering sector by the big banks.

The increase in lending was

reflected in a pick-up in the growth of M4, the broad money measure, back above the top of the 3-9 per cent monitoring range. Its dip to 8.9 per cent in July helped ease City concerns about future inflationary pressure, but it climbed back to 9.1 per cent in August.

The recovery in demand has begun to filter through to manufacturing, according to the latest industrial trends survey from the Confederation of British Industry. The survey, published this morning, reports that orders remain weak this month, but are at their least weak since last November. Sudhir Junankar, a CBI economist, said: "The improvement in demand seen over the past few months is encouraging, although manufacturers continue to be hampered by weak exports."

The balance of companies reporting higher rather than lower orders improved to -9 per cent from -10 per cent in August. The export order balance climbed from -14 per cent to -11 per cent.

Ross Goobey attacks pension fund trustees who fail to vote

PETER RODGERS

Alastair Ross Goobey of Hermes, one of the City's top pension fund managers, yesterday attacked pension fund trustees who fail to vote at annual meetings.

He suggested they should be forced to lodge proxies declaring their intention to abstain whenever they decide not to vote.

But he said: "I am more hawkish than my colleagues and believe that we should press for compulsory voting of proxies." He believed that trustees were not acting in a proper fiduciary fashion if they failed to use their proxies.

Mr Ross Goobey said: "I am not in favour of making voting compulsory. I agree that an abstention is a valid option, but this should be done deliberately, and a proxy card with abstain written on it would fulfil my ambitions."

If trustees were obliged to lodge them at company meetings "it would force them as fiduciaries to develop a coherent voting policy."

The NAPF argued in its opposition to mandatory voting that a compulsory vote was a thoughtless vote, and that it would also be anti-democratic not to allow for abstentions.

Mr Ross Goobey said: "I am not in favour of making voting compulsory. I agree that an abstention is a valid option, but this should be done deliberately, and a proxy card with abstain written on it would fulfil my ambitions."

He added that last month PDFM noted in its 1996 survey of investment arrangements for pension funds that "there was a sharp increase – from 17 to 28 per cent of respondents – who claim to 'always vote' at UK company meetings".

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COMMENT

Fibre optics are the shape of things to come. If Labour gets in and BT delivers on its promise to cable up every school and library in the land to the superhighway, there will be plenty of business at home'

A rights issue? BICC might even start a trend

The recent fashion has been for companies to hand back capital to shareholders rather than ask them for more - not that investors in BICC have seen much evidence of the trend lately. It is fitting, therefore, that the cables group should be one of the first to reverse the process with yesterday's call on shareholders to stump up £170m by way of a two-for-11 rights issue.

A rights issue? Now there's a novelty. With the exception of Brian Souter at Stagecoach, who could probably raise money right now to put the Maxwells back in business such is his rating, it is hard to recall a single big capital-raising exercise this year.

That might seem odd since the institutions are flush with cash (some more so than others) and there has never been a better or cheaper time to issue paper, what with the Footsie hovering just below 4,000.

But it probably owes something to the new financial rectitude the investment community has imposed on prodigal businesses. Not so long ago rights issues were more often than not devices to shore up the balance sheets of failing companies. Just think of how many times Trafalgar House tapped the markets until the Scandinavians finally put shareholders out of their misery. These days investors want to know how their money will be used before they part with it.

In the case of BICC, where the old Westland warhorse Alan Jones has been at the controls since early last year, the plan is to use the cash mainly to grow its optical fibres

business and expand in the Asia-Pacific region where growth rates and infrastructure development mean it is still possible to make decent money out of traditional high-voltage power cables. The remainder will be used as seedcorn for privately financed infrastructure projects, supposing the Government's Private Finance Initiative ever comes of age. That does not seem an unreasonable use of shareholders' money. Along with BICC, they have been through the mill in the past two years, the shares underperforming the market by one-third.

Investors are now counting on Mr Jones to come up with the goods. Unlike the power cables business, where BICC lost its shirt and nowhere more so than in Germany, fibre-optics are the shape of things to come. If Labour gets in and BT delivers on its promise to cable up every school and library in the land to the superhighway, there will be plenty of business at home. Elsewhere in the world the growth in entertainment and business data services should make for healthy demand for BICC's fibre-optics.

The punt on the PFI is more speculative but the amount being spent here - £40m - is not exactly enormous.

In any event, it is undoubtedly a better bet than throwing more cash at the contracting businesses of Balfour Beatty.

The market has thus far given Mr Jones the benefit of the doubt as he has enthusiastically set about reconstructing BICC and jettisoning its unwanted parts. Judging by the

way its shares held steady yesterday, BICC's rights issue has also been warmly received.

The intriguing question is whether it is the start of a trend.

Pensions industry left scratching its head

Pensions are an enormously important area which most people do not understand, so the instinctive reaction to an inquiry by the Office of Fair Trading must be to welcome it.

After all, what could be more appropriate on the day of a momentous development in the Maxwell saga than to have the OFT take a look at how to stamp out abuses in the pensions industry.

But on a closer look at the announcement, it becomes harder and harder to understand what John Bridgeman, the director general of fair trading, is up to. Indeed, the pensions industry was scratching its head and wondering whether the affair was nothing more than a make-work project for the OFT.

The inquiry is ostensibly into the personal pensions industry. But the announcement from the OFT goes on to elaborate a series of issues to be looked at that begin to sound more like material for a Royal Commission than for a quick investigation by the competition watchdog.

For a start, the OFT is to look at benefits and drawbacks of pension provision and

regulation on a worldwide scale, in Australia, Chile, Singapore, Ireland, the Netherlands, the USA and Canada, perhaps reflecting the fact that it has hired an itinerant Churchill scholar from Australia to help in the inquiry.

The OFT is also interested in money purchase pension schemes as well as straightforward personal pensions. But it is hard to see how it can conduct a satisfactory inquiry into this complex area without taking on a far broader remit, since many companies now offer hybrid schemes that include money purchase and traditional final salary elements.

The oddest element of it all is that the OFT is planning to look at the regulation of pensions selling. Not only is the Pensions Act due to come into force next year, bringing wholesale changes in the way funds are administered and overseen, but the Securities and Investments Board has spent several years chasing the pensions mis-selling issue.

It is in the middle of a long drawn-out campaign to force compensation out of the insurance industry, which has taken ages to cough up. One theory is that the OFT's intervention is a backdoor punishment of SIB and the industry for the slow pace of compensation.

The real purpose of the inquiry will not be clear until the terms of reference are published. But on the evidence of what has been said so far, it is hard to see why the OFT is so interested in an area already crawling with

City regulators, which spend £100m a year between them on overseeing pensions and other financial services.

Possible takeover keeps Zeneca high

Bid speculation and the Zeneca pharmaceuticals group seem to be inextricably linked to one another. Barely a week passes without another flurry of activity. While most of it proves ill-founded, the stock market would not have bid up the shares as far as it has were it not convinced that eventually Zeneca is indeed going to be bid for.

We already know that there's a little bit of fire beneath the smoke. Wellcome was second choice for Glaxo's Sir Richard Sykes. He first approached Zeneca, but was sent away with a flea in his ear. Make no mistake about it, however, he still harbours designs. And if there were a foreign bid for Zeneca, playing the national card might just allow him to get away with it - complete hegemony of the British pharmaceuticals industry.

Maybe he's now going to get his chance. Following yesterday's fresh surge in Zeneca's share price to 1,590p, the German chemicals and drugs group Bayer said reports it may bid were "pure speculation". A spokesman went on to confirm that talks had indeed taken place. Whether anyone has the money, or the stomach, to bid at the present stratospheric share price, is another thing.

Morrison to create 3,000 jobs with new superstores

TOM STEVENSON
City Editor

Wm Morrison, the Bradford-based supermarket chain, plans to create more than 3,000 jobs by opening four new superstores, the company said yesterday. Despite an 8 per cent rise in first-half profits, it warned that trading remained tough in the second half as pricing initiatives from the market leaders such as Tesco continued to put pressure on the second division chains.

Ken Morrison, the group's chairman and largest shareholder, said: "During the second half of the year we expect trading conditions to remain difficult and sales are unlikely to maintain the growth seen in the first six months."

The company said like-for-like sales in the six weeks since the end of the half-year rose only 0.7 per cent after rising 3.1 per cent in the first half, well below the growth seen by some of its rivals. Market-leader Tesco announced on Tuesday with its half-year results that current sales were climbing 7.5 per cent after a 7 per cent rise in its first half.

The first-half sales rise, which took turnover through the £1bn barrier for the first time, led to profits of £55.2m, up from £51.1m in the first half of 1995. The interim dividend rose 18 per cent from 0.275p to 0.325p.

Mr Morrison said: "Trading conditions have been some of the most demanding for many years. It is the first time in 20 years that the company has no new store openings and with ever increasing competitor activity, the



Trolley wars: Morrison is under pressure from big players

petrol price war and the BSE scare the group has performed well to produce an increase in turnover of 9.3 per cent."

The difficulties facing Morrison underlined the pressure being put on all supermarkets by the aggressive bid to take market share being launched by the industry's first-tier players, Tesco, Sainsbury's, Safeway and Asda. Last week Tesco launched a new initiative, dubbed "Unbeatable Value", which promised a double refund if customers find cheaper products in any other store.

Despite the pressure, Morrison said it was pressing ahead with a £100m expansion plan which would see four new

superstores opening in 1997. There will also be eight refurbishments, continuing the programme under way in the first half. Morrison had 81 stores with a total retail space of 2.9 million square feet at 4 August and operates 60 petrol stations.

Analysts said it was not clear whether the sales growth slowdown was due to refurbishments or competitive pressures.

"One concern is a decline in growth in the core business but how much of that is due to the refit programme is difficult to know," one analyst said. Profits are expected to hit £135m for the full year. The shares closed 0.5p lower at 159.5p.

IN BRIEF

- The International Monetary Fund launched an Internet site containing information on the economic statistics of 18 member countries. Its new "special data dissemination standard" was drawn up as part of its response to the Mexico crisis. It is urging countries to improve their economic statistics and publish them online, in order to help prevent a repeat of the shock Mexican devaluation in December 1994. The IMF site details can be found at gopher.imf.org

- Capital flows to emerging markets are likely to reach a record \$225bn this year, up from \$208bn in 1995, according to the Institute of International Finance in Washington. The IIF predicted that next year emerging economies would enjoy their strongest growth for a decade, with average growth of 5.5 per cent, up from an expected 4.9 per cent this year.

- Growth of Germany's key M3 monetary target increased to 8.7 per cent in August from 8.6 per cent in July, rather than declining significantly as analysts had expected. However, the rise was due partly to an increase in deposits subscribing to the Deutsche Telekom privatisation issue in November. Economists said the figure had no implications for German interest rates.

- Sumitomo Corporation said that trading losses incurred by a rogue copper trader, Yasuo Hamanaka, had escalated to an estimated \$1.6bn (£1.7bn), from \$1.8bn. The rise was put down to the fall in copper prices since the scandal was uncovered three months ago. "We underestimated the costs of closing the positions when we reported the scandal," said Kenji Miyahara, president of Sumitomo.

- Glaxo Wellcome is reorganising its regional structure and board responsibilities. Under the new structure there will be five business regions: Asia-Pacific, including Australasia; Europe, Middle East and Africa; Japan; Latin America; and North America. Chris Adam will head the Japan region; James Cochrane, executive director for commercial development and over-the-counter operations, will head Europe, Middle East and Africa; Robert Ingram will continue to head North America; Jorge Raimundo, president and managing director of Glaxo Wellcome Brasil, will head Latin America; and Ken Winde will head Asia-Pacific.

The flotation price for alkaline chemicals maker Brunner Mond was set at 175p per share yesterday, valuing the company at £2.2m. The price is towards the lower end of the range indicated this morning of between 170p and 210p per share. Dealings are due to start on September 26.

Change to Schroders board

PETER RODGERS
Financial Editor

Schroders yesterday promoted a senior investment manager to its board and announced two senior appointments in its investment business.

The changes came hard on the heels of problems at Fleming and Morgan Grenfell that have forced the two rival merchant banks to overhaul their fund management operations.

But Schroders said that its own moves were long planned and were not a response to any difficulties. They were also internal promotions.

John Govett, chairman of Schroder Investment Management, is joining the group board while David Salisbury and Hugh Bolland, the joint chief executives of the asset management business, both take a step upwards. Mr Salisbury is to be chairman and Mr Bolland chief executive of Schroder Investment Management from 1 January.

Jean Soland is retiring as chairman of the London banking subsidiary and group managing director of financial markets, after reaching 60. He will be replaced as banking chairman by David Challen. Andrew Sykes and Mark Hopkinson are to be joint group managing directors for financial markets.

Europe lagging on telecoms deregulation, says BT

CHRIS GODSMARK
Business Correspondent

Sir Peter Bonfield, chief executive of BT, yesterday warned that Europe risked falling further behind fast-growing Asian economies unless Continental countries speeded up the deregulation of telephone networks.

The survey conducted by the polling organisation Gallup of 327 of the world's largest businesses showed multi-media and phone links were considered more important than the quality of a country's transport network, the level of technology available or the extent of government backing.

Only political stability and the availability of a skilled workforce were ranked higher than good phone and multi-media links by the corporations questioned.

BT claimed that traditional priorities for firms, such as raw materials and the cost of investment capital were being pushed further and further

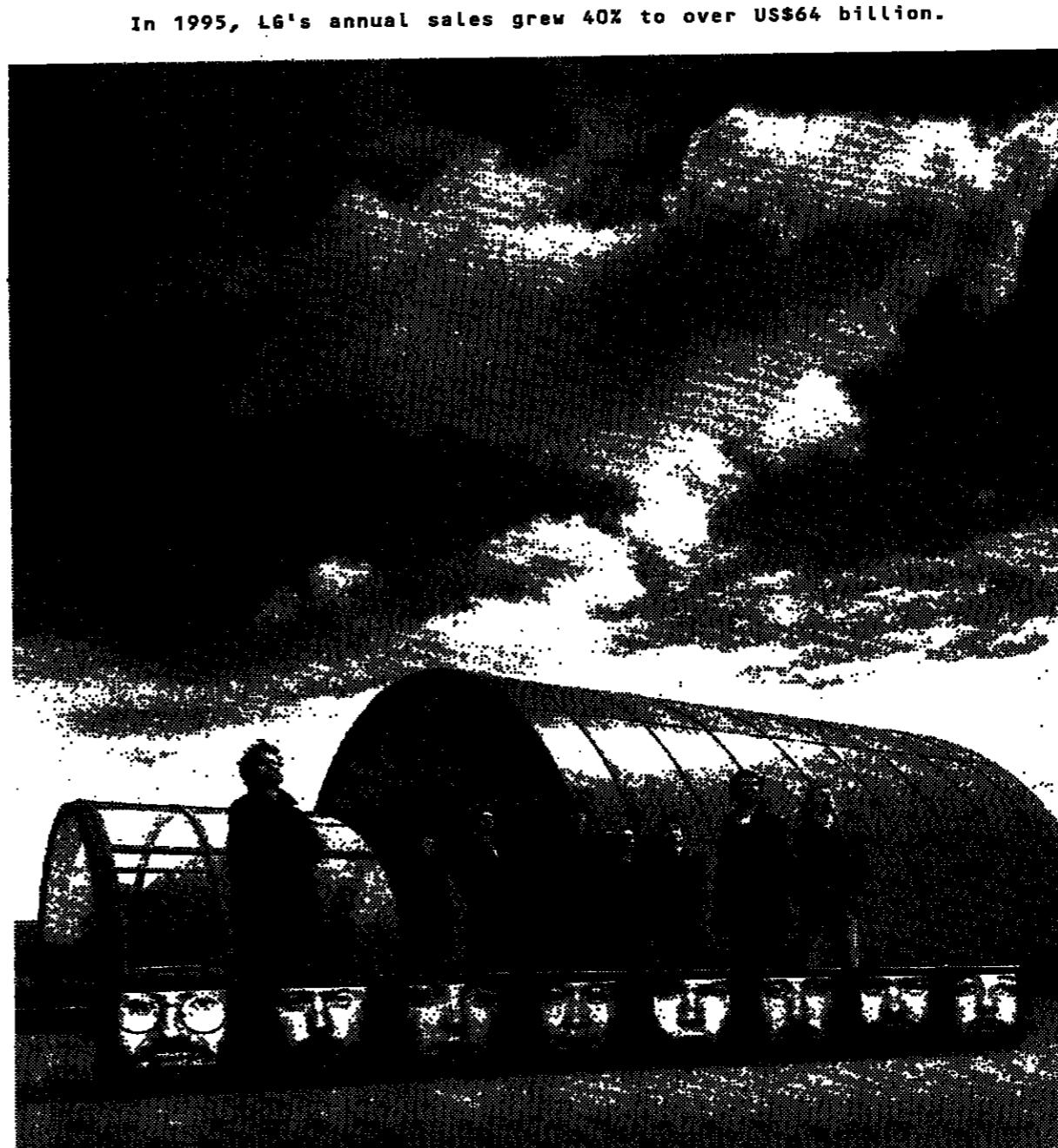
down the priority list as companies sought to expand across national boundaries.

However, far more Asian

businesses put critical emphasis on Telecom's links than European companies.

Sir Peter suggested this

meant European firms were much less far-sighted.



It's nice to meet you.

It's Matt Ryan's job to listen. As a Senior Designer at LG Electronics Design-Tech, Matt must intimately understand the different aesthetics of each European country. And then translate that understanding into intelligently designed TVs, VCRs, microwaves and other products. (Matt and his colleagues even helped design their company's Red Oak House headquarters.)

At LG, we listen a lot to our customers. We think that habit explains why we're leaders in advanced applications like thin-film transistor liquid crystal displays and high-definition TV.

We're active in many other business areas too, including DRAM memory chips, pharmaceuticals, and satellite communications.

And the same dedication and customer focus Matt Ryan and his fellow designers bring to their work, our 126,000 other employees bring to our other areas of expertise.

Now, how can we help you?



<http://www.lg.co.kr/>

Powerhouse blows fuse for RMC

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Shares in building materials groups have been on the rise recently in the fond belief that the German economy, the powerhouse of Europe, was somehow on the mend. The fact the Bonn government has just approved massive public spending cuts to whip Germany into shape for European monetary union obviously passed the market by. As, no doubt, did a German building industry federation survey showing investment in construction projects will fall this year for the first time since the Berlin Wall came down, with demand 8 per cent lower in real terms in the first half.

RMC delivered a timely reminder yesterday that things could get even worse before they get better. It is the biggest British company in Germany so it ought to know which way the wind is blowing. It has been there since 1955 and now operates from over 500 locations.

Profits in Germany, easily RMC's biggest market, collapsed by 57 per cent to £28m in the six months to June. Bad winter weather was partly to blame for the 12 per cent drop in volumes but the biggest factor was weakening demand which hit all product sectors. According to chief executive Peter Young, the second half remains difficult and 1997 will see volumes decline even further.

Worse, RMC looks pretty boxed in. The high German cost base is being pruned – a redundancy charge of £3.5m was included in the interim – but the job cuts are nowhere near as deep as those taken by other capital goods groups, notably BICC, where half the German workforce went in the last year alone.

And unlike large German manufacturing companies which are rushing to the exits to set up in the low-cost countries of eastern Europe, RMC has to be on its customers' doorsteps. Concrete and travel do not mix. So RMC is resigned to staying put, hunkering down and hoping the pain is short-lived. It is right to say that Germany will improve again, but don't hold your breath.

RMC cannot expect much relief elsewhere. In the UK, where volumes fell by 8 per cent in the first half, houses may be selling again but housebuilding remains dormant.

And no favours can be expected from France, Austria and the Benelux countries, all of which are in the same Maastricht convergence boat as Germany.

By RMC's own admission, full-year profits will be lower than the record levels reached in 1995. Panmure Gordon has cut its forecast back to £282m

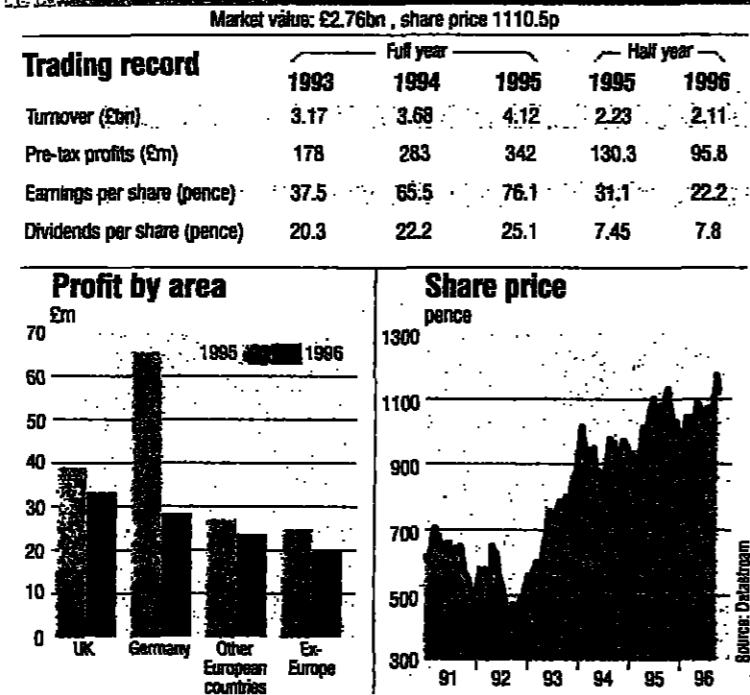
from £314m, putting the shares, down 42p to 110.5p on the results, on a forward price/earnings ratio of almost 17 – or an expensive looking 13 per cent premium to the market. Expensive.

Geest cashes in on decadence

Now Geest has stopped slipping up on banana skins it is turning into rather an interesting company. Underlying growth of 69 per cent in profits from the continuing chilled foods operations showed what a fantastic niche it finds itself in and, having finally found itself a new executive chairman, it is well placed to add to those businesses by using the £28m that remains in the balance sheet since Fyffes took the banana business off its hands in January.

As Tesco said earlier in the week, sales of ready meals and other prepared foods are growing like Topsy as people get richer and feel lazier. It seems we are no longer feel particularly guilty about paying through the nose for a bag of five

RMC AT A GLANCE



which at 236.5p, up 4p yesterday, is handsomely above the depressed 107p at which it bottomed out last November shortly before the bananas disposed. On the basis of profits this year of £16.5m and £19m next time, the shares stand on a prospective price/earnings ratio of 15, falling to 13. That is quite a premium to the rest of the food manufacturing sector and the shares will probably pause for breath.

Insurer looks on sunny side of life

The past month or two have not been kind to Sun Life and Provincial, the insurer floated in July by its French parent, UAP.

The good news for Geest is that ready meals are still bought by a relatively small cross-section of the population, even in this country which is miles ahead of probably every other country in the world in this decadent field. The potential for growth here and especially on the Continent, where Geest has set up an office in Brussels, is enormous.

The trouble is that bright outlook is well reflected in Geest's share price.

Yesterday's results are the first indication of what can be expected from Sun Life and, despite some problems of comparison with previous years, the figures were encouraging. Group pre-tax operating profits of £103m, reduced to £92.5m after interest, were taken positively by the market.

Sun Life, which specialises in the life and pensions industry, recorded a pre-tax increase of 14.4 per cent to £54.8m in the first half of this year on the back of a 20 per cent increase in premium income, similar to the average recorded by the industry trade body, the ABI. The company differs from its rivals, however, in placing much more emphasis on regular premiums than one-off contributions into its policies, which should protect its long-term income stream.

UAP Provincial, the general insurance arm, saw profits of £44.1m. It recorded underwriting profits of £3.8m, an impressive performance given the high cost of its direct insurance operation, Prospero.

Sun Life claims that, start-up costs aside, most of Prospero's accounts made an underwriting profit.

New Ireland Holdings, the second biggest insurer in the Republic, recorded record premium income figures.

There's no interim dividend by the proposed 10p final payout implies a yield at yesterday's 234p close, up 2.5p, of 5.3 per cent. In line with the industry, it makes the shares fairly priced.

BICC £170m cash call surprises City

PATRICK TOOHER

BICC, the construction-to-cables group, yesterday surprised the stock market by launching a £170m rights issue just a month after reporting a plunge into first-half losses.

Alan Jones, chief executive, said: "It will put the whole business on a much sounder footing. I have come under tremendous pressure from our managers on a number of investments we want to make. It is right to persevere with our programme."

BICC's two-for-11 cash call at 270p will help fund investment opportunities at home and abroad worth £215m.

The company plans to spend about £140m on higher-margin optical fibres, data communications cables and high-voltage cabling. Another £40m is earmarked for the Asia-Pacific region while £35m will go to fund

the Government's Private Finance Initiative scheme where its Balfour Beatty division is already involved in a £180m of road projects.

Although the money raised will be used to fund expansion, Mr Jones said the immediate effect would be to reduce the level of gearing from 80 to 30 per cent. "I like to think I am a grower of business," he added.

"But they have to achieve a 20 per cent return on assets and be companies that lead their markets. That said, I do see myself as being a bit tight with cash."

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workforce at its German low-voltage cable subsidiary.

In August BICC reported a half-year loss of £2m against a £60m profit last year due to hefty restructuring costs. Analysts expressed concern that as that national utility and telecom companies were privatised, cosy relationships with cable suppliers would end.

They felt the tough pricing climate could continue for up to two years, leading players like BICC to concentrate on higher-margin products.

BICC also said it was likely to maintain the final dividend of 8.5p, taking the year's total to 12.5p.

The cash call has been underwritten by Schroders. Cazenove and the corporate finance division of Hoare Govett are joint brokers to the issue. Dealings in the new, nil-paid shares will start on 20 September.

Comment, page 21

Victory franchise 'will not go to OFT'

PATRICK TOOHER

The Go-Ahead bus company yesterday expressed confidence that the award of its first rail franchise would not attract the attention of competition authorities.

Victory Railway, a consortium led by Go-Ahead but with a 35 per cent management and employee stake, has won the right to run Thames Trains, which operates services out of London Paddington to Oxford and Stratford-on-Avon. It also operates services between Gatwick airport and Reading.

Go-Ahead said the Thames Trains will complement its bus services between Oxford and London. But Ian Butcher, Go-Ahead's finance director, dismissed fears that the deal might run into problems with the Office of Fair Trading.

Remarking on the OFT's decision earlier this year to refer

Walker lobbies for action on lottery

TOM STEVENSON

City Editor

Brent Walker yesterday made a further call on the Government to level the playing field on which its William Hill betting operation competes with the National Lottery. Despite recording a 38 per cent jump in profits from its bookmaking subsidiary, the cash-strapped former George Walker empire said it was extremely worried by a fall in turnover at William Hill.

Sir Brian Goswell, chairman, said: "The decrease in betting duty in March, whilst welcome, has not had the desired effect of arresting the decline in turnover and we are continuing to lobby for further reduction and additional deregulation."

Swamped by a £1.4bn debt mountain, and only kept trading on the say-so of its bankers led by Standard Chartered, Brent Walker is thought to be lining up buyers for its two main trading arms, William Hill, Britain's second-biggest bookmaker, and PubMaster, a chain of 1,600 mainly tenanted pubs.

In May, the value of William Hill was written down by £267.9m to £427.9m, in a move seen as a prelude to a deal. Several companies, including Bass, Stanley Leisure and Rank have been linked with William Hill in recent months.

Plans to float PubMaster off are understood to have been delayed due to indifference in the City towards tenanted pubs and five financial buyers, including Prudential Ventures and Legal & General, are thought to be considering a bid. The value of the chain was also written down in the spring to £140m.

Despite the fall in turnover at William Hill in the six months to June and a poor start to the year, Sir Brian said an excellent run of results and lower operating costs had led to operating profits rising more than one-third from £22.2m to £30.8m on sales of £801.7m (£810m).

Profits were boosted during the period by initiatives such as "Lucky Choice", which allows bets to be placed on the numbers selected in the Irish national lottery.

PubMaster saw operating profits rise 11 per cent to £8.9m despite a reduction in the number of houses in the tenanted estate.

Sir Brian said the company continued to "churn and invest", selling underperforming pubs to release funds for investment.

Pitman tipped to be new Lloyds TSB chairman

JILL TREANOR

Banking Correspondent

Sir Brian Pitman, long-standing chief executive of Lloyds TSB, is expected to be promoted to chairman at the bank's board meeting today, replacing Sir Robin Ibbs.

Both men are due for retirement – Sir Brian is 65 in December and Sir Robin is already

being considered for the top position at the banking group which was formed last year out of the merger between Lloyds Bank and TSB.

Sir Brian, who became chief executive of Lloyds Bank in 1983, is seen as hard-working and an ideal candidate to take over the role, as is fellow deputy Alan Moore.

Few outside candidates are

management and strategy of the bank, it could hinder any attempt by the new chief executive to exert authority.

If Sir Brian becomes chairman, he will have to work closely with the new chief executive to oversee the ongoing integration of Lloyds and TSB.

The bank is expected to keep its mortgage lending arm, Cheltenham & Gloucester, the building society it bought last year, as a separate entity.



John Chalstrey: 'Good health to City and nation'

Welsh Secretary William Hague to do out a matching £1.2m from European funds for the redevelopment.

He agreed £2.4m regeneration then becomes the platform for an application this week for a further back-to-back £2.4m from the Millennium Fund to expand the project.

Michael Hicks, head of UK sales at Societe Générale, said: "It is clear that the club has a strong future and is well positioned to benefit from the regeneration of the Square Mile."

The initial £50,000 enabled the club to raise a notional £1.2m locally to redevelop the marina. This in turn enabled them to persuade

Lord Mayor has a penchant for key-holes

BUSINESS & PEOPLE

bre-optic endoscopy day unit in the independent health care sector. The opening of the new unit chimes in with his chosen theme for the mayoral year – "Good health to the City and the Nation."

Mr Chalstrey is the first practising surgeon to wear the City's ermine robes.

In a long and distinguished career, spent mostly at Bart's in the City, Mr Chalstrey has developed an expertise in non-invasive procedures or "key-hole" surgery.

He also specialises in treating stomach cancers. Next week the Lord Mayor will open a £2m endoscopy unit at the London Clinic in Harley Street. The clinic claims it will be the best-equipped private unit for the early detection of illness, particularly, cancer, in the world.

This is right up Mr Chalstrey's street. In 1975 he helped establish the first

Tony Knox with the ghastly prospect of renaming his firm FD GGT BDPP.

"I never understood what BDPP stood for in the first place," wails Mr Knox.

A most revolting little object has just landed on my desk from Chez Gerard. The Caravanners' Club, which is dedicated to the eating of meat in these BSE-blighted times, has sent me a miniature hotdog with a model, "Sheep in formaldehyde," in the style of the much-hyped artist Damien Hirst.

The preserved sheep is accompanied by an invitation to the tenth gathering of the Club at Butchers' Hall in the City in October. I may go if my stomach has recovered from the shock by then.

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Starting with fully extendable sets

egg to great lengths to accommodate

Starting with fully extendable sets

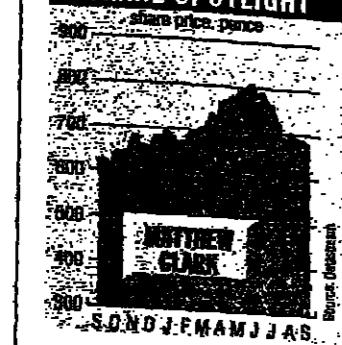
egg to great lengths to accommodate

Cash
City

DATA BANK

FT-SE 100
3974.3 +18.6
FT-SE 250
4427.5 -6.1
FT-SE 350
1981.3 +6.7
SEAO VOLUME
705.9m shares
40,668 bargains
Sainsbury's Index
93.54 +0.40

SHARE SPOTLIGHT



If wishes were horses Swiss would swoop on Zeneca

If wishful thinking could drum up takeover action the stock market would have got the corporate activity it craves. Zeneca and Lloyds Abbey Life were the two targets drawn back into the bid frame with HSBC and the General Electric Co cast in the role of predators.

Swiss buying, that legendary influence detected ahead of so many large bids, started the latest Zeneca rush. In busy trading the shares were at one time 82.5p higher; they closed at 1.590p, up 46.5p. Roche, the Swiss group is the market's favoured predator. Bayer, the German group, was also caught in the excitement but was quick to distance itself from the rumour.

The Zeneca story has gathered an element of self-feeding. Many fund managers sold Wellcome ahead of the Glaxo strike and they are reluctant to make the same mistake again. So they are tempted to hang

on, despite rich paper profits. The rumours are so strong, so persistent that it will be astonishing if the drugs group is not soon engulfed in corporate action.

Lloyds Abbey Life is another frequently drawn into the rumour mill. The Lloyds TSB banking group already owns 62.6 per cent and in some quarters is thought to be intent on mopping up the minority interest. Another year, however, is that it intends to pump the insurance interests it acquired with TSB into LAL, lifting its stake to around 75 per cent. The LAL shares rose 11.5p to 59.2p.

HSBC, the old Hong Kong & Shanghai Banking Corporation which embraces Midland Bank, was said to be on the verge of pouncing on a German bank as part of its strategy of reducing its dependence on Hong Kong. HSBC was 24p up at 1.209p.

GEC was accorded a 4p gain to 396p on rumours it too planned a Continental swoop. The re-emergence of bid speculation had a predictably beneficial impact on the FTSE 100 index, driving it 18.6 points higher at 3,974.5. At one time it was 52 stronger. But it was very much a blue chips race; the supporting 250 index fell 6.1 to 4,427.5.

New York offered no support with US statistics inhibiting Wall Street.

Part of the pain was probably due to technical considerations ahead of today's expiry of the September futures contract with some dealers scrambling to square their positions.

There was further excitement when Goldman Sachs remained trading for a few minutes after the rest of the market had closed, prompting the company's disastrous problems with alcopops. The slide occurred despite determined buying by PDMF and a clutch of small investors. Sharelink, the execution-only stockbroker which accounts for about one in 10 share deals, revealed the older group had become the second most popular share among its army of small investors. Easynet, the Internet provider which has had a highly volatile time, was the most keenly sought share.

Matthew Clark fell a further 6p to 357.5p and Easynet,

Alpha Airports was unchanged at 109.5p despite rumours of asset sell-offs and a suggestion a Canadian group was near to buying Granada's 25 per cent interest.

British Airways climbed 14p to 541p on its cost savings proposal.

Matthew Clark continued to search for a new level after last week's crash following the company's disastrous problems with alcopops. The slide occurred despite determined buying by PDMF and a clutch of small investors. Sharelink, the execution-only stockbroker which accounts for about one in 10 share deals, revealed the older group had become the second most popular share among its army of small investors. Easynet, the Internet provider which has had a highly volatile time, was the most keenly sought share.

Matthew Clark fell a further 6p to 357.5p and Easynet,

which has moved between extremes of 38.5p and 81.5p as worries about figures gave way because it is regarded as a cash shell. Sir Thomas Macpherson, the chairman, complained the halt is not in "the best interest of the market, the company or the shareholders". After selling most of its interests Routhend is searching for acquisitions. The shares fell 0.5p to 16.5p.

Shares of Boustead, with

modest cleaning operations, will be suspended on Monday because it is regarded as a cash shell. Sir Thomas

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Flare, a ceramics group, held at 139.5p. Australian

David Lee, the chief executive, has met institutional in-

vestors this week. He is

expanding the company with

Ian Gowrie Smith, another

Australian who was behind

Medeva and is now developing

Skypharma. Stockbroker

Greg Middleton believes

Flare's profits will climb

from £300,000 to £3m this

year and £5m next. It fore-

casts a 1p dividend this year.

TAKING STOCK

Share Price Data									
Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, and the percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: Ex rights & Dividend & Earnings & Unlisted Securities Market & Suspended & Partly Paid up Nil Paid Shares & All Stock									
Source: FT Information									
The Independent Index									
The index allows you to access real-time share prices by phone from 8am, Simply dial 0891 123 335, followed by the 4-digit code printed next to each share. To access the latest financial reports dial 0891 123 335 followed by one of the two-digit codes below.									
FTSE 100 - Realtime 00 Starling Rates 04 Private Sector Issues 36 UK Stock Market Report 01 Bullion Report 05 Water Shares 39 UK Company News 02 Wall St Report 23 Electricity Shares 40 Foreign Exchange 03 Tokyo Market 21 High Street Banks 41									
Anyone with a tone-dial telephone can use this service. For a detailed description of The Independent Index, call our helpline 0891 123 335. For assistance, call our helpline 0891 123 335. Calls cost 30p per minute (cheap rate), and 40p off all other lines. Call charges include VAT									
Market Leaders: Top 20 volumes									
Stock	Var/96	Stock	Var/96	Stock	Var/96	Stock	Var/96	Stock	Var/96
BT	320000	Unilever	500000	Vodafone	1250000	Bilfle Bolch	610000	BP	1000000
Fliggen	320000	Polymer	500000	Lucel	720000	Bilfle Steel	500000	Citra	300000
Siemens	250000	Cable & Wire	500000	Bilfle Gas	700000	ASDA Group	500000	HSBC	250000
BCC	200000	BAA	520000	Bilfle Arms	600000	Shl Target	500000	Hiscox	250000
Hanson	200000	BTR	520000	Grand Met	550000	Rental	500000		
FT-100 Index hour by hour									
Open	39500 down 48	11.00	3978.7 up 221					14.00	3978.7 up 210
08.00	3958.2 up 705	12.00	3980.2 up 245					15.00	3979.1 up 234
10.00	3958.7 up 100	12.00	3982.5 up 251					16.00	3975.5 up 193
								17.00	3975.0 up 195
Exploration									
Stock	Price	Cap	Yd	Var/96	Stock	Price	Cap	Yd	Var/96
BP	100000	Arco	100000	-10000	BP	100000	Arco	100000	-10000
Amoco	100000	Exxon	100000	-10000	Amoco	100000	Exxon	100000	-10000
Shell	100000	Exxon	100000	-10000	Shell	100000	Exxon	100000	-10000
BP	100000	Exxon	100000	-10000	BP	100000	Exxon	100000	-10000
Food									
Stock	Var/96	Stock	Var/96	Stock	Var/96	Stock	Var/96	Stock	Var/96
Unilever	500000	Anglo	500000	Unilever	500000	Anglo	500000	Unilever	500000
Fliggen	320000	Polymer	500000	Lucel	720000	Bilfle Bolch	610000	BP	1000000
Siemens	250000	Cable & Wire	500000	Bilfle Gas	700000	ASDA Group	500000	Citra	300000
BCC	200000	BAA	520000	Bilfle Arms	600000	Shl Target	500000	HSBC	250000
Hanson	200000	BTR	520000	Grand Met	550000	Rental	500000		
Thistle Hotels									
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Government Securities									
Stock	Price	Cap	Yd	Var/96	Stock	Price	Cap	Yd	Var/96
Index-United	100000	100000	100000	-10000	Index-United	100000	100000	100000	-10000
Shorts	100000	100000	100000	-10000	Shorts	100000	100000	100000	-10000
Undated	100000	100000	100000	-10000	Undated	100000	100000	100000	-10000
Pharmaceuticals									
Stock	Price	Cap	Yd	Var/96	Stock	Price	Cap	Yd	Var/96
Glaxo	100000	100000	100000	-10000	Glaxo	100000	100000	100000	-10000
Smithkline Beecham	100000	100000	100000	-100					



Smooth talker: David Elstein convinced the Government to give Channel 5 an extra frequency

Television's great defender swings into attack mode

Channel 5's new chief has had an extraordinary week, reports Mathew Horsman

Barely a week into his new job as chief executive of Channel 5 Broadcasting, David Elstein has already delivered 4 million more potential viewers to Britain's last "free" television service; charmed regulators into agreeing to a six-week delay in the channel's new year launch; and inaugurated detailed negotiations with his former company, Rupert Murdoch's BSkyB, about a 10-year satellite distribution and joint marketing deal.

He has even found time to help BSkyB set up a few programming deals left over from his days as Sky's head of programmes. "Maybe I should charge [BSkyB chief] Sam Chisholm a consultancy fee," he joked.

The pace has been extraordinary – as quick, indeed, as Mr Elstein's sudden move from BSkyB to Channel 5 Broadcasting, announced just three weeks ago.

Interviewed at CSB's Covent Garden offices yesterday, Mr Elstein was in a positively buoyant mood. Although he wouldn't say it, he must feel a sense of liberation: the head of a mainstream television channel at last, and no longer third or fourth fiddle at Sky, stuck in a sad London suburb.

But Mr Elstein is the first to admit how useful his three-and-a-half years at Murdoch's television giant have been (not to mention lucrative); he declines to confirm suggestions he left with £500,000 in stock option

profits). Nominally head of programmes, he was far more often thrust forward as the "acceptable face" of Sky, asked to justify the company's stranglehold on pay-TV, its fractious relationships with cable operators, its dominance of sport and film programming. His profile soared in the press and racked up the radio interviews.

Mr Chisholm one of the best advocates in the business. Another senior broadcasting source said: "David can defend virtually any position. His intellectual capabilities are not exactly for sale, but they can certainly be put to a huge variety of uses."

And so it has already proven at Channel 5. A meeting with the Department of Trade and Industry's Ian Taylor last Thursday, even before Mr Elstein formally took up the new job, convinced the Government to give the company an extra frequency, Channel 35, boosting the coverage to about 80 per cent of all households.

"I can't take all the credit," Mr Elstein, 51, said. "I saw an unexplored avenue and made a proposal." Why not award the frequency for just a limited period, he suggested, and

take it away again when the services for which Channel 35 had been reserved – digital mobile television – are available? That, and some clever lobbying of MPs in constituencies where the Channel 5 signal would be enhanced by the award of an additional frequency, was enough to turn the trick.

It was vintage Elstein: a matter of smooth talk, elegant thought and a perspicuous, intelligent manner. Born

into a North London Jewish family, Mr Elstein has been highly regarded throughout broadcasting career that took him from the BBC at age 17 to independent production to a stint as head of

programming at Thames Television.

Channel 5's owners, Pearson, Lord Hollick's United News & Media and Luxembourg-based CLT, were delighted with the successful frequency campaign. They will have reason to be even more pleased if Mr Elstein pulls off his next project, the co-operation deal with Sky. If all goes according to plan, Channel 5 will secure an analogue transponder, at a likely cost of £5m a year, to add even more potential viewers. Mr Elstein says he wants a "package deal" including the transponder, a place in BSkyB's digital satellite lineup, joint

programme acquisition and com-

missioning and cross-promotion of BSkyB's channels and the new Channel 5 schedule.

The arrangement owes a great deal to Mr Elstein's Sky past, and to the hard work he put in over BSkyB's own bid for Channel 5. All along, BSkyB, with partners Granada and PolyGram, had intended to use the launch of the new channel as a means of selling satellite dishes and marketing even more UK homes. Having hopped the fence, Mr Elstein is busy reviving all those plans.

"It isn't rocket science to see how both companies benefit," he said.

"Sky will see Channel 5 as a mar-

ket tool to target another 3 or 4 million homes. We will be able to extend our coverage and buy pro-

grammes at a lower cost."

Sport, where BSkyB excels, is an obvious area of co-operation, he said.

But Channel 5 is still a long way

from home and dry. The retuning of 12 million homes, at a cost of £120m, to enable viewers to receive the signal will be "a long, hard slog," Mr Elstein conceded.

"You need to have so many things

in place: an excellent data control

system, recruitment and training. We need to insure against accidents, robbery [for example, burglaries by

returners]."

But Mr Elstein is supremely,

serenely confident. And why not? He clearly has started as he means to carry on.

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Foreign Exchange Rates

Starting	Dollar	D-Mark				
Country	Spot	1 month	3 months	Spot	1 month	3 months
US	15509	5.3	9.6	1000	—	—
Canada	22633	11.3	30.7	13711	2.1	2.0
Germany	23480	52.4	150.14	15140	28.55	55.83
France	79919	151.3	397.36	63532	75.73	220.21
Italy	23668	46.63	145.88	46.63	45.83	45.83
Japan	15015	15.1	25.40	15025	45.44	72.07
UK	48340	11.8	26.25	10270	7.8	12.25
Belgium	92055	11.8	24.25	12070	6.45	17.17
Denmark	92055	16.6	44.25	12070	8.65	27.02
Netherlands	22323	65.57	187.04	12073	35.2	107.02
Ireland	08768	7.3	20.14	10265	4.7	12.17
Norway	10414	20.5	61.00	10265	10.60	24.27
Spain	19729	21.31	68.49	12741	22.67	84.54
Sweden	10281	0.4	1.9	16223	3.22	40.11
Australia*	18287	54.46	155.25	12026	37.34	133.00
New Zealand*	22474	43.57	133.56	12026	30.32	89.00
Hong Kong	11922	101.81	224.70	12026	92.12	212.00
Malaysia	38745	0.4	0.0	24983	4.14	6.80
Saudi Arab.	55161	0.4	0.0	37503	2.7	9.14
Singapore	2229	0.4	0.0	14075	41.30	103.88

Interest Rates

UK	Germany	US	Japan	Belgium	0.50%
Bank	5.75%	4.50%	8.75%	5.00%	0.50%
Intervention	3.55%	—	5.25%	2.50%	—
Canada	—	7.00%	10.00%	7.00%	3.00%
Discount	8.25%	10-day Repo	7.25%	Switzerland	1.50%
Danmark	5.00%	—	—	Sweden	0.50%
Advances	2.50%	Discount	3.25%	Regno Unito	0.50%

Yields calculated on fixed basis

Bond Yields

Yield

Country

5yr

yield %

10yr

yield %

Country

5yr

yield %

10yr

sport

Britain set to give No 1 Court perfect Cup send-off

Tennis

MIKE ROWBOTTOM

Britain's last Davis Cup match, away to Ghana, took place within a national stadium featuring the following inscription: "To carry out a duty either for reward or to avoid punishment is the attitude of a lesser being. But to feel obliged to honour a duty in response to your conscience - that inner moral conviction - is the mark of a man."

Nice as moral conviction is, Britain's men - who won that match 5-0 - will doubtless settle for a Ghanaian first division, one step away from the world group of the top 16 nations from which Britain has been absent since 1992.

On this occasion it is the setting, rather than any inscription, which is likely to prove inspirational - the weekend's matches will be the last competitive action on Wimbledon's No 1 court before it is demolished to make way for a

new players and media centre. Victory will earn promotion to the Euro-African first division, one step away from the world group of the top 16 nations from which Britain has been absent since 1992.

Tim Henman, currently ranked No 33 in the world, returns to the fray after his 10-day lay-off following the groin injury he sustained in the fourth round of the US Open.

Mark Petchey, who won with Broad in Ghana, retains his place, although the team have until an hour before each

scribed himself as "thoroughly rested".

However, as a precaution, he has not been selected in the doubles alongside Neil Broad, with whom he won the Olympic silver medal. Britain's team captain, David Lloyd, said yesterday that at this stage he did not want to risk Henman sustaining a further injury through playing on all three days.

Mark Petchey, who won with Broad in Ghana, retains his place, although the team have until an hour before each

match to finalize their selections.

In today's opening singles matches, Heuman faces an opponent ranked 489 places below him - 23-year-old Amr Ghoneim. Greg Rusedski will start the proceedings against Egypt's top man, Tamer El Sawy, a US-based player whose world ranking is a modest 174.

"We consider it an honour to be playing at Wimbledon," said El Sawy diplomatically. "Obviously on paper it is going to be very tough for us."

It is not going to be that easy on grass either. But the Egyptians, whose most famous player, Ismail El Shafei, featured in the world's top 10 in the 1970s, have been models of politeness about being required to play on an unfamiliar surface.

Britain's team captain, David Lloyd, said yesterday: "It is very important that we win and win well. Another 5-0 win following the victory at Ghana a couple of months ago will send a warning flashing across the world that British tennis is on track towards the top again."

The Americans, one feels,

will hardly be quaking in their boots. But victory would mark a significant step forwards.

Both teams have had the opportunity to practise this week on the No 1 court, which will be full to its seven and a half thousand capacity today and on Sunday.

Order of play: Davis Cup Europe-Africa Group Two match between Great Britain and Egypt. Saturday: Broad v El Sawy, Heuman v A. Ghoneim. Tomorrow: Lloyd v Broad and M. Petchey v El Sawy and Ghoneim.

Andy Farrell

Europeans to rely on experience

Andy Farrell at St Pierre, Chepstow, looks ahead to this weekend's Solheim Cup

The opening ceremony of the fourth Solheim Cup match went off with the usual pomp and circumstance. Bagpipes were played, a male-voice choir sang (we are in Wales, just), and the Red Arrows flew past under the low-level cloud, almost decapitating a Sky cameraman and a couple of photographers on a tower behind the 16th hole.

Everything, it seems, has been thought about. Two years ago, at The Greenbrier, the Scottish flag was replaced with that of Nova Scotia, but Kathryn Marshall, one of three European rookies, raised the genuine St Andrews article yesterday. There is even a new bridge across the Severn. With 15,000 spectators expected each day, it would not have done for the old bridge to have been closed because of high winds.

A good job, too. A chill breeze of some strength has been making the European team feel at home. Not that the Americans have arrived in T-shirts and shorts. "It is a misconception that American professionals never play golf in bad weather," the American captain, Judy Rankin, said. Nevertheless, the last time they faced such conditions, at the LPGA Championship in May,

Laura Davies walked away with the title.

Davies, the world No 1, is joined by Annika Sorenstam and Lotta Neumann, the Nos 2 and 3, in a European team that is hoping to make the most of home support. In the three previous matches, the away side has yet to win and it was Europe's victory at Dalmahoy four years ago that has quickly established the fixture as a competitive encounter.

It is the same format as the Ryder Cup, but there can be no cynical use of the "envelope rule" if a player is injured and has to sit out the singles on Sunday, earning half a point. There is no envelope rule, so no show, no point. This may concern Brandie Burton, who severely sprained her right ankle during a fall on Tuesday but has been picked to continue her unbeaten partnership with Dottie Pepper from The Greenbrier. They face a re-match from the foursomes two years ago when they play Neumann and Helen Alfredsson in the bottom match of the morning session today.

Mickey Walker has trusted in established pairings for the first series of foursomes. "It is a form of the game so rarely played by professionals that you need to

go with experience," she said.

The combinations of Sorenstam and Nilsmark, Neumann and Alfredsson and Davies and Alison Nicholas were all predetermined, despite talk from Davies that she might be switching. "Laura knew she was always going to play with Alison," Walker confirmed. "They are unbeaten in foursomes. There is no reason to split them. Laura just likes a bit of fun."

Marie-Laure de Lorenzi getting into the swing yesterday for the start of the Solheim Cup at St Pierre today. Photograph: Steve Munday/Allsport

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SPORT

Mullally applies finishing polish

Cricket

DEREK PRINGLE
reports from Leicester
Middlesex 190
Leicestershire 36-1

Bad weather and Leicestershire have not always been cosy bedfellows this season, and rain has already deprived them of a certain win against Hampshire. Yesterday, when their closest rivals, Surrey, were washed out at The Oval, the wet weather held off long enough for them to dismiss Middlesex for 190. That earned them four bowling points and thrust them to the brink of a second County Championship despite a day curtailed by bad light that prevented play after tea.

As they have done all season, Leicestershire remained focused on the game in front of them. At 36 for 1 there is still much to do, but with the remaining outcomes being reduced elsewhere by the session, there was little else to distract them apart from the announcement of a six-figure sponsorship deal with the newly privatised rail company Midland Mainline. For a club who have been without a sponsor all season, the deal is further evidence that the title is surely destined for Grace Road.

In any case, they will not want to win by default and, undeterred by the loss of the toss, they set about dismantling Middlesex's batting with a combination of aggressive bowing and smart catching. The former was spearheaded by Alan Mullally, whose 4 for 53 from 18 overs proved a staunch effort considering the blustery conditions.

Predictably, considering the vital nature of this match, the day began with some controversy: Mike Gatting, after a long consultation with the grim trio of Angus Fraser, Keith Brown and Mark Ramprakash, decided to bat on what looked an emerald carpet of a pitch. With three spinners in their side, there was little else they could do.

In fact, the surface played fairly true, with only the occasional ball bouncing and scampering; the first of which – in David Millns' opening over – brought out some early aggression: an eyeball-to-eyeball encounter between the bowler and batsman coming after a

concerted appeal for caught behind had been turned down.

If Millns had been wronged, the injustice was soon righted, when Paul Weekes flashed an edge to Phil Simmons at second slip, who promptly palmed it on to Vince Wells, who managed to grasp it before it hit the turf. It was the first of three catches for the opening bat, Wells, who also weighed in with two wickets. It is a flexibility that has been the hallmark of the home team's cricket and one which has helped keep personnel changes to a minimum – a rare phenomenon at a club more famous for departures than arrivals.

Good bowling was also at the root of Middlesex's demise, though Mark Ramprakash showed what was possible by scoring a 127-ball 71. His innings owed its scope to a dash of fortune, a watchful defence and an occasional lusty blow.

Dropped on 26 by the wicketkeeper, Paul Nixon, as he tried to intercept an edge heading towards first slip's left calf, Ramprakash kept a long, low vigil on Middlesex's behalf. But while he cautiously applied himself, Mullally began to wreak havoc with a combination of well-directed bouncers and a snaking full length that proved too much for the visitors' early order.

Peter Wellings, a second-team player from Staffordshire, dragged one on after twice being struck on the helmet, while Gatting, after being similarly peppered, was caught behind, tentatively pushing at a wide one. Owais Shah, the 17-year-old soon to be wintering in Australia with England A, followed lbw soon after, a decision that looked harsh considering the angle of Mullally's attack meant the ball would have pitched outside leg stump.

Only an injury to Simmons – he twisted his ankle while bowling – caused Leicestershire any concern, though with Middlesex reeling at 76 for 6, the thought of the pitch inspector climbing into his helicopter must have passed through James Whitaker's mind. Both fears were quickly allayed however: a swift return by Simmons and some brutal cudgelling by Ramprakash, who blasted two soaring sizes over midwicket, easing Leicestershire's discomfort as Surrey kicked their heels.

Reports, scoreboard, page 27



Mark Moulard, of Wales, chips on to the 17th green yesterday during the first round of the World Invitational at Loch Lomond

Photograph: David Ashdown

Faldo and Weiskopf go their separate ways

Golf

TIM GLOVER
reports from Loch Lomond

Tom Weiskopf had several things going for him yesterday. Not only did he design the course on which the World Invitational is being played but he had the inspirational company of Nick Faldo. While Faldo duly appeared on the leaderboard, Big Tom was preparing to part company from the tournament following an 82.

Faldo had paid Weiskopf the ultimate compliment, describing Loch Lomond as the finest course in Britain by some distance. Faldo played it almost

perfectly in the first round for a 68, three under par, and there was also a certain symmetry about Weiskopf's performance. He went to the turn in 41 and came back in 41.

With Faldo singing the praises of the bonnie, bonnie banks it was difficult for anybody else, least of all Weiskopf, to point out that although Loch Lomond is a marvellous spot for laying down a tartan rug and nibbling at the shortbread while drinking in the scenery, it is no picnic for the golfers.

The vast majority were over par but at least the 53-year-old Weiskopf can point to his age in mitigation. That and the fact that he spent almost as much time

explaining to Faldo how he attempted to merge heaven and earth as he did in playing his game. "He built the course by hand and eye. That is why every contour looks so nice," Faldo said.

Faldo had three birdies on the front nine and one on the back, picking up a bogey at the 14th where he flew the green with a wedge shot from 103 yards.

"There are places you can't go and that adds an element of pressure to the hole," Faldo said. "It is a fabulous lay-out in fabulous condition. We need somebody like Lyle to set the standard."

Faldo was not referring to Sandy Lyle but to the American Lyle Anderson, the owner and developer of Loch Lomond.

Sandy was enjoying one of his better rounds of the season when he came to grief on the 13th, Galloway's Hill, a par five of 560 yards. Lyle was standing at level par when he took eight and finished at a four over.

That was an almost minor

crash compared to the experience suffered by Mark James, who was

par 12 holes and dropped nine strokes over the

near three en route to an 83. At

the 15th he found a greenside bunker but could not find his ball which was buried in the sand. He waited around in the bunker with a club before locating the ball by hand. After taking a drop, he thinned his next shot across the green and finally scored what he

thought was a quadruple-bogey eight. Before signing his card his caddie reminded James, chairman of the European Tour's tournament committee, he was not allowed to "build sandcastles" in a bunker and the eight became 10 with a two-stroke penalty for testing the surface.

Weiskopf's nemesis was a triple-bogey at the 12th. Having missed a putt from five feet he then missed the tap-in, probably on account of describing to Faldo how he had borrowed from the design of Pinehurst, North Carolina in planning the green at the 12th. Still, Weiskopf has had a worse experience at Loch Lomond. During its construction Weiskopf went out to the 14th

hole early one morning and walked straight into a peat bog. "That stuff was like quicksand and I was in there up to my chest," Weiskopf recalled. "It sucked off my boots, my trousers and my socks. I found a tree root to grab hold of and it took me about two hours to get clear."

James Spence held the first-round lead at four under despite a double-bogey six at the 12th. "The course is perfect," Spence said. "We will be pressing for better facilities like this in the future and we are going to learn from our mistakes. You cannot fault the course although I'm sure someone will." He obviously had not spoken to Mark James.

Scores, Digest, page 27

Bassett's rebuff leaves Lee 'devastated'

Football

ADAM SZTEREN

Francis Lee, the Manchester City chairman, was yesterday doing his best to recover from the body blow of failing to entice yet another manager to Maine Road.

Cristal Palace's Dave Bassett, who had apparently accepted a

job that would have doubled his wages overnight, rang Lee at 7am yesterday morning to tell him he had had a change of heart and would be staying at Selhurst Park.

Lee insisted he was so certain Bassett wanted the job he had agreed to his request to buy a player yesterday morning as a part of rebuilding the team's promotion challenge.

"I'm devastated," Lee said. "Dave even discussed players with me last night and we were going to set the ball rolling by buying one today at his request."

"He gave me a definite 'yes' last night that he wanted the job and he told me to go out and buy this morning – I'd better make sure we have not gone out and bought the player."

"Dave told me that he was surprised how much money we were going to give him to spend on new players and it was a tremendous challenge and a great package for him. I am just shocked that he has turned it down."

At last, a hint of edge, even hostility, to enliven the world championship contest. Jacques Villeneuve, and now Damon Hill, are talking dirty.

In Hill's case it is out of character, and probably all part of the mind games to keep his Williams-Renault team-mates guessing, possibly wary. When he arrived here for Sunday's potentially decisive Portuguese Grand Prix, the Englishman delivered what amounted to a threat of raw aggression.

Deliberately provocative? Certainly, what his admirers have perhaps waited to hear from him. Had not the likes of Senna, Prost and Schumacher – great champions all – turned nasty when they deemed it necessary?

The champion's leader's tantalising declaration came in response to reports that Villeneuve had accused him of forcing the Canadian's car wide at the start of the Italian Grand Prix, a fortnight ago, the first public sign of discord between them.

Hill, who will be confirmed champion here unless Villeneuve beats him by at least four points, said: "I do not want to resort to unfair tactics, but it is always a matter of opinion what is fair and unfair, and

I'm at liberty to drive in a way that may not be the way some people expect me to drive. So everything is possible.

If I am ahead of questions at the end of the race I'll finish it off, and even if I am behind I could. I'm the current championship leader and I'm determined to win it."

It was put to Hill that he would surely not resort to deliberately driving Villeneuve off the road the way some previous champions saw fit to complete their missions. "Why not?" he replied.

The champion's leader's tantalising declaration came in response to reports that Villeneuve had accused him of forcing the Canadian's car wide at the start of the Italian Grand Prix, a fortnight ago, the first public sign of discord between them.

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Ian Rush, who declined to sit on the bench during last month's 6-0 win over San Marino after being told that he would not be in the starting line-up, has failed to win a recall to the Wales side that plays the Netherlands in a World Cup qualifier in Cardiff on October 12.

The manager, Bobby Gould, said: "I have seen Ian play twice recently and I won't say his international career is over. He is working very hard, but Dean Saunders and Mark Hughes were outstanding against San Marino and John Hartson has done very well. I thought to myself, 'why change?' "

"Frankly, the whole Rush business has been going on for a year and I am getting bored with it."

Gould has recalled the Birmingham City pair, Andy Legg and Jason Bowen, and Everton's Gary Speed seems the most likely to replace the suspended Ryan Giggs.

Chelsea yesterday signed Norway's first choice international goalkeeper Per-Gunnar Thorleifsson on loan from Lillestrom until the end of the year. Ruud Gullit's side are in need of cover because Dmitri Kharin has a knee injury.

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